

OPTAVIA®
OFFICIAL POLICIES
U.S.

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SECTION 1 - GENERAL POLICIES

1.1 POLICIES, PROCEDURES & COMPENSATION PLAN INCORPORATED INTO THE INDEPENDENT **OPTAVIA** COACH AGREEMENT.

These Policies, in their present form and as amended at the sole discretion of **OPTAVIA** (hereinafter, "**OPTAVIA**" or the "Company"), are incorporated into the Independent **OPTAVIA** Coach Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Independent **OPTAVIA** Coach Agreement, the Policies, the Procedures, the **OPTAVIA** Integrated Compensation Plan and the **OPTAVIA** Business Entity Addendum (the Business Entity Addendum is only applicable to **OPTAVIA** Coaches who enroll as a Business Entity). An Independent **OPTAVIA** Coach shall be referred to herein as an "**OPTAVIA** Coach" or "Coach." It is the responsibility of each Coach to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies.

1.2 AMENDMENTS.

The Company reserves the right to amend the Agreement at its sole discretion. Amendments shall be effective after publication of the amended provisions in Coaches' Back-Offices or **OPTAVIA**'s corporate sites, but amended Policies shall not apply retroactively to conduct that occurred prior to the effective date of the Amendment. The continuation of a Coach's business or a Coach's acceptance of bonuses or commissions constitutes acceptance of any and all Amendments.

1.3 POLICIES & PROVISIONS SEVERABLE.

If any provision of the Agreement, in its current form, or as amended, is held void or unenforceable, only the void or unenforceable portion(s) of the provision shall be severed from the Agreement and the remaining provisions shall remain in full force and effect. The severed provision shall be reformed so that it is in compliance with the law and reflects the purpose of the original provision as closely as possible.

1.4 NOTICES.

Any notice or other written communication required under this Agreement shall be delivered personally, by e-mail or mail. Unless otherwise provided in the Agreement, such notice shall be deemed given when delivered personally or, if transmitted by e-mail, one (1) day after the date of such e-mail or, if mailed, five (5) days after the date of mailing to the address of **OPTAVIA**'s principal place of business or to the Coach's address. Notice to a Coach will be mailed to his or her address or e-mail address of record with the Company. **OPTAVIA** shall have the right, as an alternative method of notice, to use communications via the Coach's Back-Offices or corporate websites or other normal channels of mass communications with its field of Coaches. This provision does not apply to notices of Amendments to the Policies, which are effective upon posting as described in Section 1.2. It is the sole responsibility of the Coach to maintain their correct address, e-mail address, phone number and other contact information on file with **OPTAVIA**.

1.5 FORCE MAJEURE.

OPTAVIA shall not be responsible for delays or failure in performance caused by circumstances beyond the Company's control, such as, but not limited to, strikes, labor difficulties, product shortages, energy or fuel shortages, fire, war, acts of terrorism, government decrees, natural disasters, inclement weather, or orders of curtailment of a party's usual source of supply.

1.6 WAIVER.

Neither Party ever gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of the **OPTAVIA** business. No failure of either Party to exercise any right or power under the Agreement or to insist upon strict compliance with any obligation or provision of the Agreement, and no custom or practice of the Parties at variance with the terms of the Agreement, will constitute a waiver of the Party's right to demand exact compliance with the Agreement. Waiver

can only be effectuated in writing by an authorized officer of the Company or by the Coach or their authorized agent. Either Party's waiver of any particular breach will not affect or impair either Party's rights with respect to any subsequent breach, nor will it affect in any way the rights or obligations of any other Coach. In addition, no delay or omission by **OPTAVIA** to exercise any right arising from a breach will affect or impair **OPTAVIA**'s rights as to that or any subsequent breach. The existence of any claim or cause of action of a Party against the other will not constitute a defense to the enforcement of any term(s) or provision(s) of the Agreement.

SECTION 2 - BECOMING AN INDEPENDENT OPTAVIA COACH

2.1 COACH ELIGIBILITY.

There are a few requirements to become an independent **OPTAVIA** Coach. The individual must: (a) be at least 18 years of age; (b) have a valid Social Security Number or Federal Tax ID Number; and (c) have legal residence in the United States, a U.S. territory or U.S. military base. See the **OPTAVIA** Procedures for Details on Enrolling as an Independent **OPTAVIA** Coach.

2.2 HEALTH PROFESSIONAL OPTAVIA COACHES.

The Health Professional division of **OPTAVIA** is a subset of Coaches that includes physicians, chiropractors, nurses, and other individuals who are medically licensed by a state agency. Health Professional **OPTAVIA** Coaches are subject to the same rules, regulations, and Policies as all independent **OPTAVIA** Coaches. However, Health Professional **OPTAVIA** Coaches should note that coaching with **OPTAVIA** does not involve the practice of medicine. Health Professional **OPTAVIA** Coaches provide two distinct services to their clients ("Clients"). The first is medical care, which is not a part of the **OPTAVIA** program. The second is coaching. Health Professional **OPTAVIA** Coaches must differentiate between any medical service they provide to patients and coaching that they provide to Clients. It is strongly advised that Health Professional **OPTAVIA** Coaches inform patients who are prospective Clients that they are financially compensated as an **OPTAVIA** Coach. An **OPTAVIA** Coach is not a substitute for a physician or a qualified medical practitioner for monitoring patients using **OPTAVIA** products and/or programs and must not be portrayed as such.

2.3 COMPANY DISCRETION.

The Company reserves the right to accept or reject any Coach enrollment at its sole and absolute discretion.

2.4 ONE INDIVIDUAL PER OPTAVIA COACH BUSINESS.

Only one individual may apply for an **OPTAVIA** business and submit an Independent **OPTAVIA** Coach Agreement to the Company. If the individual wants to operate the **OPTAVIA** business with their spouse, please see the Policy on Married Couples (Policy 2.6). If more than one individual wants to participate in an **OPTAVIA** Coach business together, then those individuals must create a Business Entity, please see the Policy on Business Entities (Policy 3.23).

2.5 LIMITATIONS ON OPTAVIA COACH & HOUSEHOLD BUSINESSES.

Coaches may own, operate, control, or have an interest in, only one **OPTAVIA** business, and there may be only one **OPTAVIA** business in a household. Coaches who had multiple businesses prior to the announcement of this Policy shall be permitted to retain only one of these businesses (unless previously authorized by the Company, in writing, to acquire the business). A "household" is defined as spouses, common law couples, domestic partners, and dependent children of one or both spouses or domestic partners, living in the same home of the spouses or domestic partners. Exceptions to the one business per household and per Coach Policy are:

- a. Marriage. If two Coaches marry and/or form a domestic partnership, each will be permitted to retain their original businesses;

- b. Licensed Healthcare Industry and Health Professional **OPTAVIA** Coaches. Professional businesses in the healthcare industry that require a license issued by a governing state agency (e.g., surgical centers, medical group practices, and chiropractic offices) may own an independent **OPTAVIA** Coach business. Health Professionals who have an ownership interest in a healthcare business may own an independent **OPTAVIA** Coach business in addition to the **OPTAVIA** Coach business owned by the professional healthcare business in which they hold an ownership interest, however, both businesses must share the same sponsor;
- c. Authorized Purchase of an **OPTAVIA** Coach Business. If an existing **OPTAVIA** Coach is authorized by the Company to acquire another **OPTAVIA** Coach's business, in compliance with the Business Transfer Policy, the acquiring Coach may own his/her original business and the business which he/she acquired; and
- d. Inheritance. If an existing Coach is the beneficiary of an **OPTAVIA** business pursuant to a will or probate, and the transfer is effected on or after the death of the testator, the existing Coach may operate multiple **OPTAVIA** businesses. An intervivos transfer (i.e., a transfer made while the transferor Coach is still living) of an **OPTAVIA** business to an existing Coach is not permissible unless the testator is adjudicated to be mentally or physically incapacitated such that he/she is incapable of operating or managing his/her **OPTAVIA** business.

2.6 MARRIED COUPLES.

Married couples that wish to become **OPTAVIA** Coaches are required to operate as a single **OPTAVIA** business under a single Social Security Number or Federal Tax ID Number. If the spouse of an existing Coach wishes to become an **OPTAVIA** Coach, he/she must agree to the terms and conditions of the Independent **OPTAVIA** Coach Agreement and then can be added to the spouse's existing **OPTAVIA** Coach business. Only a spouse can be added to an existing **OPTAVIA** Coach business. Spouses include those individuals bound by a marriage, civil union, domestic partnership or common-law marriage. Should one or more individual wish to operate a single **OPTAVIA** Coach business, then those individuals must create a Business Entity. Spouses will be treated as one business for recognition purposes with the exception that each spouse must take the certification training and pass the exam to be recognized as an "Independent Certified **OPTAVIA** Coach." If only one spouse takes the training and passes the exam, only that spouse will be recognized as an "Independent Certified **OPTAVIA** Coach." See the **OPTAVIA** Procedures for Details on Enrolling as a Married Couple.

2.7 TERM & RENEWAL OF THE **OPTAVIA** COACH AGREEMENT.

The term of the Independent **OPTAVIA** Coach Agreement is one (1) year from the date of enrollment and must be renewed annually. Failure to renew an **OPTAVIA** business results in the account being converted to "Client" status and the loss of the Coach's downline organization, which will "roll-up" to the Coach's sponsor ("Sponsor") (a Coach's Sponsor is sometimes referred to as a "Business Coach"). Should the individual wish to be reinstated as an **OPTAVIA** Coach, he/she may do so, subject to certain time frames and conditions. See the **OPTAVIA** Procedures for Details on Renewal and Reinstatement of an **OPTAVIA** Coach business.

2.8 **OPTAVIA** COACH INFORMATION.

Coaches must supply the Company with a valid mailing, e-mail address, and phone number for communication purposes (pursuant to the terms of the Agreement, the Coach consents to being contacted by the Company regarding their **OPTAVIA** Coach business). Each Coach is responsible for keeping his/her information (name, address, phone number, e-mail address, etc.) up to date and accurate and must immediately update the Company on any changes concerning this information. The Company may terminate an **OPTAVIA** Coach business if the Company determines false or inaccurate information was provided by the Coach. If a Coach fails to update his/her information (including any information on a Business Entity Addendum), holds may be placed on his/her account or other disciplinary action may be taken, up to and including termination. In addition, the Company will not be held responsible for communications and/or information not received by the Coach due to failure to update information on his/her account or on the Business Entity Addendum. See the **OPTAVIA** Procedures for Details on Updating **OPTAVIA** Coach Information.

2.9 INDEPENDENT CONTRACTOR RELATIONSHIP.

OPTAVIA Coaches are independent contractors and not employees of **OPTAVIA**, and must never hold themselves out as employees of the Company. COACHES SHALL NOT BE TREATED AS EMPLOYEES OF **OPTAVIA** FOR FEDERAL OR STATE TAX PURPOSES OR FOR ANY OTHER REASON. **OPTAVIA** will not withhold taxes or withholdings of any nature from Coaches' earnings. Coaches are not entitled to workers compensation or unemployment security benefits of any kind from **OPTAVIA**. Likewise, the Company does not provide insurance or any other benefits to Coaches.

SECTION 3 - OPERATING AN INDEPENDENT OPTAVIA COACH BUSINESS

3.1 GENERAL CONDUCT.

Coaches shall not engage in any conduct that may damage the Company's reputation. While it is impossible to specify all misconduct that would be contrary to this Policy, and the following list is not a limitation on the standards of conduct to which Coaches must adhere pursuant to this Policy, the following standards specifically apply to Coaches' activities:

- a. Coaches must conspicuously identify themselves as an "Independent **OPTAVIA** Coach" or an "independent Coach with **OPTAVIA**" in all advertising, telephone directory listings, promotional material, social media postings, and other forums in which they promote **OPTAVIA**'s products, programs, services and/or the **OPTAVIA** business opportunity. Merely identifying oneself as an "**OPTAVIA** Coach" is not sufficient under the terms of this Policy;
- b. Certified Coaches may include the term "Independent Certified **OPTAVIA** Coach" when identifying themselves, if they have passed the required certification exam;
- c. Deceptive conduct is always prohibited. Coaches must ensure that their statements are truthful, fair, accurate, and not misleading;
- d. If a Coach's **OPTAVIA** business is canceled for any reason, the Coach must discontinue using the **OPTAVIA** name, and all other names, trademarks, and other intellectual property belonging to **OPTAVIA**, and all derivatives of such intellectual property, in postings on all social media, and other material, promotional or otherwise;
- e. Coaches must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in the course of their business or their personal lives that, in the Company's sole discretion, could damage the Company's reputation or the culture that exists within the independent field sales force.
- f. Coaches must be aware of and familiar with the provisions of the U.S. Foreign Corrupt Practices Act and all local applicable anti-bribery and anti-corruption laws. Coaches must conduct their businesses in compliance with the terms of these laws. In particular, Coaches must not promise, offer, authorize, agree to make, or actually make a payment of any item of value, directly or indirectly, to any government official in connection with the Coach's **OPTAVIA** business.

3.2 FIELD TRAINING MATERIALS.

Coaches may develop and/or use their own training tools and materials to support their personally sponsored Coaches or others in their downline organization (hereinafter, "Field Training Materials") so long as such Field Training Materials do not violate any of the **OPTAVIA** Policies, Procedures, laws, regulations, or statutes and conform with Policies 3.2.a. and 3.2.b. below. Coaches may not sell any Field Training Materials or accept donations or gratuities in exchange for providing training and/or Field Training Materials. Coaches may not develop, produce or distribute tools or materials that are confusingly similar in nature to those produced, published and provided by **OPTAVIA**, and may not imply or suggest that such Field Training Materials originate from **OPTAVIA** or are endorsed by **OPTAVIA**. Field Training Materials should only be used by Coaches to train their personally sponsored Coaches or others in their downline organization. Coaches are prohibited from creating their own website, social media page or other web-based platform to distribute Field Training Materials to other Coaches.

- a. Field Training Materials Disclaimer. The following disclaimer must conspicuously appear on all Field Training Materials: “THIS FIELD TRAINING MATERIAL HAS BEEN PRODUCED BY <INSERT NAME OF COACH>, AN INDEPENDENT **OPTAVIA** COACH, AND IS NOT OFFICIAL MATERIAL PREPARED OR PROVIDED BY **OPTAVIA**. In addition, if the Field Training Materials discuss or mention the **OPTAVIA** Integrated Compensation Plan or income opportunity, the Field Training Materials must also include the following disclaimer: THERE ARE NO GUARANTEES REGARDING INCOME WITH **OPTAVIA**. SUCCESS WITH **OPTAVIA** RESULTS ONLY FROM SUCCESSFUL SALES EFFORTS, WHICH REQUIRES HARD WORK, DILIGENCE, SKILL, PERSISTENCE, COMPETENCE AND LEADERSHIP. YOUR SUCCESS WILL DEPEND UPON HOW WELL YOU EXERCISE THESE QUALITIES. FOR MORE INFORMATION REGARDING EARNINGS OF **OPTAVIA** COACHES, PLEASE SEE THE **OPTAVIA** INCOME DISCLOSURE STATEMENT.”
- b. Additional Requirements for Field Training Materials. In addition to compliance with Policy 3.2.a., should the Field Training Materials discuss or mention the **OPTAVIA** Integrated Compensation Plan or income opportunity, the Coach must include a copy of the **OPTAVIA** Income Disclosure Statement (“IDS”). Field Training Materials created to train a Coach’s downline are not required to be reviewed by the Company, so long as the Field Training Materials are in compliance with these Policies. However, should the Coach have any doubt concerning whether or not the Field Training Materials are in compliance with all relevant **OPTAVIA** Policies, the Coach should submit same to the **OPTAVIA** Compliance Department for review. See the **OPTAVIA** Procedures for Details on Submitting Field Training Materials to the Compliance Department.
- c. Rights of Company Regarding Field Training Materials. **OPTAVIA** reserves the right to rescind any previous authorization that was given in connection with Field Training Materials. Upon notice of such rescission, each independent **OPTAVIA** Coach agrees to immediately cease using such Field Training Materials. COACHES WAIVE ANY CLAIM FOR DAMAGES OR REMUNERATION FOR ANY LOSSES THAT THEY MAY INCUR RESULTING FROM OR RELATING TO THE COMPANY’S DECISION TO RESCIND ITS PRIOR APPROVAL.

3.3. PRODUCT LIABILITY CLAIMS & INDEMNIFICATION.

- a. Product Liability Insurance. The Company carries product liability insurance for those products that are faulty, defective or otherwise subject to recall. This coverage does not include the actions of Coaches in promoting the products, programs, or business opportunity.
- b. Indemnification for Product Liability Claims. In the event of a product liability claim brought against a Coach by a third party for a defective product or for injury from use of a product, the Company will indemnify and defend the Coach from such claims, subject to the limitations specified in Policy 3.3.c. below.
- c. Requirements for Indemnification. In order to be indemnified for product liability claims, the Coach must notify the Company of the claim in writing within ten (10) days of receipt of notice of the claim. The Company has no obligation to indemnify the Coach if he/she has: (a) violated the Agreement; (b) made claims or given instructions about the products which are not included in the Company’s current approved literature, warnings, or product labels; or (c) settled or attempted to settle a claim without the Company’s written approval. In addition, indemnification is conditioned upon the Coach allowing the Company to assume the sole defense of the claim.
- d. Indemnification by Coach. The Coach agrees to indemnify the Company from any claim made by a third party that arises directly or indirectly because he/she has: (a) violated the Agreement; or (b) made claims or given instructions about the products which are not included in the Company’s current approved literature, warnings, or product labels.

3.4 INSURANCE.

- a. Business Pursuits Coverage. While the Company carries product liability insurance in the event of claims for faulty or defective products, the Company suggests that Coaches secure additional liability insurance to cover any business exposure for which they may be liable in the independent marketing or advertising of any products, programs or the **OPTAVIA** business opportunity.
- b. Travel Liability. Coaches understand and accept any and all travel-related risks in regard to their business. Coaches are encouraged to secure travel insurance as related to their business.

- c. Other Insurance. The Company does not provide health insurance, disability insurance, event insurance, professional liability insurance, malpractice insurance, business property coverage, or any other type of insurance to Coaches.

3.5 COMPENSATION.

The Company compensates Coaches through its compensation plan (hereinafter, "Integrated Compensation Plan"). Compensation is determined proportionally based on sales of products to end-user consumers within the Coach's organization. Sponsoring new Coaches leverages and expands a Coach's business and provides additional persons marketing the Company's products, programs and services to Clients, however, no compensation is paid based upon the sponsoring of Coaches. Coaches are never compensated on their personal order; a Coach's personal order is always credited to the Sponsor/Business Coach of that Coach. A Coach is always the client of his/her Sponsor/Business Coach. To that end, a Coach is prohibited from setting up a separate client account for placing orders.

3.6 TAXES.

- a. Payment of Taxes. All Coaches are personally responsible for all taxes due on any income they earn. The Company will provide a record of all moneys paid to each Coach and will issue and file such reports as may be required by law. Every year the Company will provide an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement to each U.S. individual or Business Entity Coach who has earnings of \$600.00 or more in the previous calendar year.
- b. Sales Tax. The Company will charge appropriate local sales tax on all orders subject to sales tax and submit it to the necessary government bodies.

3.7 NON-SOLICITATION(PARTICIPATION IN OTHER BUSINESS OPPORTUNITIES AND DIRECT SELLING PROGRAMS).

As independent contractors, Coaches may engage in other business interests and opportunities outside of their independent **OPTAVIA** Coach business, provided that they comply with the terms of these Policies, including, without limitation, the specific limitations provided in this Non-Solicitation Section.

- a. Definitions.
 - i. Competing Business(es). A Competing Business is a business that sells Competing Goods or Services ("Competing Business").
 - ii. Competing Good(s) or Service(s). Competing Goods or Services are any goods or services that are in the same generic category as any good(s) or service(s) offered by **OPTAVIA**, regardless of differences in cost, quality, ingredients, functionality, service, or other distinguishing factors. By way of example, and not limitation, any goods or services related to health and wellness are considered competing goods or services ("Competing Goods or Services").
 - iii. Direct Selling Program. A Direct Selling Program is any business that meets each of the following criteria ("Direct Selling Program"):
 - 1. The business sells memberships, goods or services through independent contractors;
 - 2. The independent contractors are authorized to recruit, sponsor or enroll other independent contractor salespersons into the business or to submit persons or entities to the business for consideration as independent contractor salespersons; and
 - 3. Independent contractor salespersons are compensated in whole or in part on sales of goods or services of those independent contractor salespersons that they, or other independent contractor salespersons, are personally sponsoring and mentoring.
 - iv. Non-Competing Business(es). A Non-Competing Business is a business that sells good(s) or service(s) that do not compete with or are not in the same generic category as the good(s) or service(s) offered by **OPTAVIA** ("Non-Competing Business").
- b. Other Direct Selling Programs. **OPTAVIA** Coaches may not participate in any Direct Selling Program that sells Competing Goods or Services. **OPTAVIA** Coaches are free to participate in other Direct Selling Programs that do not sell Competing Goods or Services ("Other Direct Selling Programs"), however, Coaches can only promote these Other Direct Selling Programs, their goods, services or the business opportunity to their personally sponsored downline. In

addition, for twelve (12) calendar months after the termination of the Agreement, Coaches may not directly or indirectly sponsor Clients or other **OPTAVIA** Coaches, in their Other Direct Selling Program, with the exception of their personally sponsored downline. The term “sponsor” means the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another **OPTAVIA** Coach or Client to enroll or participate in the Other Direct Selling Program. Coaches participating in Other Direct Selling Programs must also comply with all other specific restrictions in this Non-Solicitation Section.

- c. Specific Restrictions on Coaches Promoting Competing Businesses or Other Direct Selling Programs on **OPTAVIA** Social Media. **OPTAVIA** Coaches who engage in a Competing Business or Other Direct Selling Program must not, directly, indirectly or through a third party:
 - i. Use any social media account (e.g., Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.) that the Coach currently uses or has used in the past to promote or discuss **OPTAVIA**, its products, programs, services or the business opportunity (“**OPTAVIA** Social Media”), to promote a Competing Business or Other Direct Selling Program. If a Coach is involved in a Competing Business or Other Direct Selling Program, the Coach must create a separate social media account to promote the Competing Business or Other Direct Selling Program. Coaches are also prohibited from “cross-posting” from their Competing Business or Other Direct Selling Program social media account on to the Coach’s **OPTAVIA** Social Media and vice versa.
- d. Additional Restrictions on Coaches Promoting Other Businesses. Additional restrictions apply to **OPTAVIA** Coaches who engage in not only a Competing Business or Other Direct Selling Program but also a Non-Competing Business. Competing Businesses, Other Direct Selling Programs and Non-Competing Businesses will collectively be referred to herein as “Other Businesses.” Coaches who operate Other Businesses must not directly, indirectly or through a third party:
 - i. Promote the Other Business on any Coach “Team” social media page (pages that have been created by **OPTAVIA** Coaches to support their Coach Organization/Team or pages that have been created to support **OPTAVIA** Clients), for example, a Facebook “Group Page” for a Team of independent **OPTAVIA** Coaches;
 - ii. Use his/her replicated **OPTAVIA** website to promote the Other Business;
 - iii. Use Confidential Information (as defined in Section 3.8) to promote the Other Business;
 - iv. Use “**OPTAVIA** Connect” resources, reporting or any other functionality, including, but not limited to, “**OPTAVIA** Share,” to promote the Other Business;
 - v. Display **OPTAVIA** promotional material, sales aids, or products with or in the same location as any promotional material, sales aids, products or services of the Other Business, in a fashion that might in any way confuse or mislead a prospective Client or Coach, or member of the public into believing there is a relationship between **OPTAVIA** and the Other Business;
 - vi. Offer the **OPTAVIA** opportunity, products, programs or services to prospective or existing Clients or Coaches in conjunction with the opportunity, products, programs, or services of the Other Business;
 - vii. “Bundle” or combine the products, programs, or services of the Other Business for sale or advertisement with any **OPTAVIA** products, programs or services;
 - viii. Offer, discuss, or display any opportunity, products, programs, or services of the Other Business at or immediately after any **OPTAVIA**-related meeting, seminar, convention, webinar, teleconference, training or other function (“Event”), regardless of whether the Event is an **OPTAVIA** corporate-sponsored Event or an Event led by an independent **OPTAVIA** Coach.
- e. Complementary Businesses. Some businesses that may be “complementary” to **OPTAVIA** could be deemed a Competing Business (e.g., a personal training business, gym or yoga studio, etc.) (“Complementary Business”). So long as the Coach complies with all other provisions under these Policies, including this Non-Solicitation Policy, Policy 3.10 (forbidding Coaches from carrying inventory for resale) and Policy 5.9 (forbidding Coaches from selling products in a Retail Outlet), etc., Coaches may offer the **OPTAVIA** opportunity, products, programs or services to prospective or existing customers of these Complementary Businesses. However, the Coach must not condition the sale or use of their Complementary Business services on the purchase of **OPTAVIA** products, including, but not limited to, offering discounted services to prospective or existing

- customers of their Complementary Business who purchase **OPTAVIA** products or vice versa.
- f. Health Professional Practices. A health professional practice could also be deemed a Competing Business, however, so long as those **OPTAVIA** Coaches, who also have a health professional practice (e.g., a chiropractic clinic, doctor's office, etc.) ("Health Professional Practice") comply with all other provisions under these Policies, including this Non-Solicitation Policy, Policy 2.2 (general Policies governing Health Professional **OPTAVIA** Coaches), Policy 3.10 (forbidding Coaches from carrying inventory for resale) and Policy 5.9 (forbidding Coaches from selling products in a Retail Outlet), etc., these Coaches may offer the **OPTAVIA** opportunity, products, programs or services to prospective or existing patients of their practices. However, the Coach must not condition the use of their Health Professional Practice on the purchase of **OPTAVIA** products, including, but not limited to, offering discounted services to prospective or existing patients or clients of their Health Professional Practice who purchase **OPTAVIA** products or vice versa.
 - g. Injunctive Relief. **OPTAVIA** and the Coach agree that any violation of this Non-Solicitation Policy shall cause **OPTAVIA** irreparable harm for which there is no adequate remedy at law, and if emergency equitable relief is not granted to **OPTAVIA**, the injury to **OPTAVIA** shall outweigh the potential injury to the Coach. Therefore, **OPTAVIA** shall be entitled to seek emergency and permanent injunctive relief to prevent further violations of this Policy.

3.8 CONFIDENTIAL INFORMATION.

"Confidential Information" constitutes proprietary business trade secrets belonging exclusively to **OPTAVIA** and is provided to Coaches in strict confidence. Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than a Coach's use in building and managing his/her independent **OPTAVIA** business.

- a. Definition of Confidential Information. Confidential Information includes, but is not limited to, the identities, contact information, and/or sales information relating to **OPTAVIA**'s Coaches and/or Clients:
 - i. That is contained in or derived from any Coaches' respective Back-Office;
 - ii. That is derived from any reports issued by **OPTAVIA** to Coaches to assist them in operating and managing their **OPTAVIA** business; and/or
 - iii. To which a Coach would not have access or would not have acquired but for their affiliation with **OPTAVIA**.
- b. Injunctive Relief. **OPTAVIA** and the Coach agree that any violation of this Policy shall cause **OPTAVIA** irreparable harm for which there is no adequate remedy at law and if emergency equitable relief is not granted to **OPTAVIA**, the injury to **OPTAVIA** shall outweigh the potential injury to the Coach. Therefore, **OPTAVIA** shall be entitled to emergency and permanent injunctive relief to prevent further violations of this Policy.

3.9 HANDLING PERSONAL INFORMATION.

Personal information is information that identifies, or permits one to contact an individual. It includes a Client's, potential Clients, Coach's and prospective Coach's name, mailing address, e-mail address, phone number, credit card information, Social Security Number or Tax Identification Number and other information associated with these details. Coaches who receive personal information from or about prospective Coaches or Clients have the responsibility to maintain its security. Coaches should shred or irreversibly delete the personal information of others once it is no longer needed. In addition, information regarding a Client's or **OPTAVIA** Coach's experience with Company products and/or programs cannot be revealed without his/her written permission; this includes use of personal testimonials.

3.10 PRODUCT INVENTORY.

Coaches may not carry an inventory of **OPTAVIA** products for resale (including but not limited to resale to other Coaches). All products are direct-shipped from the Company to the buyer. Therefore, Coaches should not purchase more products in a month than they and/or their family can reasonably expect to consume during the month.

3.11 BONUS OR RANK BUYING.

Bonus and/or rank buying (collectively, “bonus buying”) is strictly prohibited. Bonus buying is the purchase of products for any reason other than bona fide use by end-user consumers or limited sampling at trade shows and includes any mechanism or artifice to qualify for rank advancement or maintenance, incentives, prizes, commissions or bonuses that are not driven by bona fide product purchases by end-user consumers for actual use.

3.12 WELLNESS CREDITS.

The Company provides a means whereby Coaches can provide rewards, gifts, or incentives to another Coach or Client; this mechanism is deemed “Wellness Credits.” Purchases of Wellness Credits are non-commissionable. Any purchases of Wellness Credits that the Company deems were made by a Coach in order to manipulate rank or the **OPTAVIA** Integrated Compensation Plan are strictly forbidden. Wellness Credits act as a method of payment on a Coach’s or Client’s next order. Coaches are not required to purchase Wellness Credits to participate in the **OPTAVIA** business opportunity and Coaches are encouraged to limit the purchase of Wellness Credits to a reasonable amount so that their business expenses do not outweigh their potential income with **OPTAVIA**. Should the Company determine, in its sole discretion, that a Coach is purchasing an unreasonable amount of Wellness Credits or is using Wellness Credits in violation of these Policies, the Company may take action to prohibit or limit a Coach’s purchase of Wellness Credits. An unreasonable amount is not easily defined, as it would vary depending on the Coach’s rank and corresponding commissions, therefore, if necessary, the Company will determine whether the purchase of Wellness Credits is unreasonable on a case-by-case basis. In addition, Wellness Credits may only be applied on up to 50%, or half of a Client’s or Coach’s order of products (e.g., if a Coach gifts \$50.00 in Wellness Credits to a Client, that Client would only be able to apply the Wellness Credits to an order in the amount of \$100.00 or more). Wellness Credits are a gift, and can only be redeemed by the recipient Client/Coach through placing an order. Once given, Wellness Credits belong to the Client or Coach who receives them, unless and until those Wellness Credits expire, in which case they will revert back to the Coach who gifted the Wellness Credit(s). The following are acceptable uses of Wellness Credits:

- a. Thank-you gift from a Coach to a Client for a referral or lead;
- b. Thank-you gift from a Coach to a Client for hosting an event (e.g., weigh-in, meeting, or tasting);
- c. Congratulatory gift from a Coach to a Client for meeting a goal or milestone;
- d. Gift for a Client who cannot afford the full cost of the program;
- e. Holiday/birthday gift for a Client or Coach;
- f. Encouragement gift to a Client or Coach to start or stay on plan;
- g. Reparation from a Coach to a Client for an order mishap (e.g., shipment delay);
- h. Reward for team incentive contests/challenges from Business Coach/Business Leader to team members.

3.13 PAYMENT & CREDIT CARD USAGE.

If a credit/debit card or other payment instrument is used to pay for products, it must be the credit/debit card or other payment instrument of the individual who is ordering the product for their personal and/or family use. Coaches may not use another Coach’s or Client’s credit/debit card, or other payment instrument to place an order, nor may a Coach use his/her own credit/debit card or other payment instrument to place an order on behalf of another Coach or Client. Coaches may not accept cash from Clients to place an order. The Company does not accept cash. Coaches facilitate Client orders either through their replicated **OPTAVIA** websites, or through assisting the Client with placing telephone orders. Coaches should not place the orders for the Clients themselves. All other forms of sales or orders are prohibited.

3.14 ACTIONS OF AFFILIATED PARTIES & HOUSEHOLD MEMBERS.

The term “Affiliated Party” shall mean any individual, partnership, trust, limited liability company, or other entity that has an equitable or ownership interest in, or management responsibility for a Business Entity. The term “Business Entity” shall mean any corporation, partnership, limited liability company,

trust or other entity that owns or operates an independent **OPTAVIA** Coach business. A Business Entity and each Affiliated Party must comply with the Agreement. If a Business Entity and/or any Affiliated Party violate the Agreement, **OPTAVIA** may take disciplinary action against the Business Entity and/or against any or all of the Affiliated Parties. In addition, if a household family member of a Coach engages in conduct that would be a violation of the Agreement, the conduct of the household family member may be imputed to the Coach (i.e., the Coach may be held responsible for the conduct of the household family member).

3.15 NEGATIVE COMMENTS.

Complaints and concerns about **OPTAVIA** should be directed to the Coach Success Team. Coaches must not disparage, demean, or make negative remarks to third parties or other Coaches or Clients about **OPTAVIA**, its owners, officers, directors, management or employees, other Coaches or Clients or the Integrated Compensation Plan. Violation of this Policy may subject the Coach to potential disciplinary action, up to and including termination.

3.16 REPORTING POLICY VIOLATIONS.

One of our Company's most valuable assets is its integrity, therefore, the Company takes protecting this asset very seriously. To that end, we have established a Procedure whereby Coaches who observe Policy violations in the field should report the situation to the Company. The Company will review, research and handle these matters as the Company deems appropriate. See the **OPTAVIA** Procedures for Details on how to Report Policy Violations.

3.17 ADJUSTMENTS TO BONUSES & COMMISSIONS.

If a product is returned to **OPTAVIA** for a refund or is repurchased by the Company, or a credit card charge back occurs, the compensation attributable to the returned or repurchased product(s) will be recovered by the Company from the Coach.

3.18 RETURN OF PRODUCTS, BUSINESS KITS & BUSINESS SUPPORT MATERIALS UPON CANCELLATION OR TERMINATION.

Upon voluntary cancellation or termination of an Independent **OPTAVIA** Coach Agreement, the Coach may return their Business Kit and any Company-produced Business Support Materials that he or she personally purchased from **OPTAVIA** within twelve (12) months from the Coach's date of purchase (the one year limitation shall not apply to residents of Maryland, Massachusetts, Wyoming and Puerto Rico) so long as the goods are in currently marketable condition. Any Business Support Materials that are produced by a third party, i.e. non-Company produced, shall not be subject to this return Policy (please note, all products sold at www.OPTAVIAGEAR.com are produced by a third party). In addition, residents of Georgia, Idaho, Louisiana, Maryland, Montana, Massachusetts, Oklahoma, Texas, Wyoming, and Puerto Rico may return any products that they purchased from the Company within one (1) year prior to the date of their cancellation so long as the products are in currently marketable condition. Upon the Company's receipt of returned goods and/or Business Support Materials and confirmation that they are in currently marketable condition, the Coach will be reimbursed 90% of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. Goods are in "currently marketable condition" if they are unopened and unused and packaging and labeling has not been altered or damaged. Merchandise that is clearly identified at the time of sale as nonreturnable, closeout, discontinued, or as a seasonal item, is not in currently marketable condition. The merchandise must be returned within thirty (30) days from the date of the Coach's cancellation/termination. See the **OPTAVIA** Procedures for Return Details Upon Cancellation or Termination of an **OPTAVIA** Coach Business.

3.19 ORDER RETURNS & REFUNDS.

Federal and state law requires that Coaches notify their Clients that they have three (3) business days (five (5) business days for Alaska residents, fifteen (15) days for residents of North Dakota over the age of

65; Saturday is a business day, Sundays and legal holidays are not business days) within which to cancel their purchase and receive a full refund upon return of the products in substantially as good condition as when they were delivered. Coaches shall verbally inform their Clients of this right. Different satisfaction guarantee policies apply to different products and are specified on the packing slip of each order along with return instructions. **OPTAVIA**'s return and refund policies vary between products and are published on **OPTAVIA**'s corporate website. See the **OPTAVIA** Procedures for Details on Order Returns and Refunds.

3.20 DISCIPLINARY SANCTIONS.

Violation of the Agreement, any material misrepresentation of the Agreement, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Coach that the Company reasonably believes may damage its reputation or goodwill, or which results in or is designed to manipulate the Integrated Compensation Plan or any incentive offered by the Company, may result in the suspension or termination of the Coach's **OPTAVIA** business, and/or any other measure that **OPTAVIA** deems appropriate to address the misconduct, including, but not limited to the following:

- a. Issuance of a written warning;
- b. Requirement of the Coach to take immediate corrective action;
- c. Clawing back commissions;
- d. Imposition of a fine, which may be withheld from commissions;
- e. Restriction of Back-Office access;
- f. Loss of rights to one or more bonus and commission checks;
- g. Withholding of all or part of any bonuses and commissions during the investigation period (if a Coach's Agreement is canceled for disciplinary reasons, the Coach will not be entitled to recover any commissions or bonuses withheld during the investigation period);
- h. Suspension of the Coach's business with loss of earnings;
- i. Reassignment of Clients or Coaches to another Coach;
- j. Termination of the Coach's business;
- k. Equitable resolution by any other measure the Company deems appropriate to resolve the injuries caused by the Coach's violation or contractual breach.

In situations deemed appropriate by **OPTAVIA**, the Company may institute legal proceedings for monetary and/or equitable relief. Upon imposition of a disciplinary sanction(s), the Company shall immediately notify the Coach by certified mail (with a copy sent via e-mail). The Company will also notify the Coach's Sponsor and first qualified Global Director. Individuals or Business Entities terminated for disciplinary reasons may not re-enroll as a Coach. See the **OPTAVIA** Procedures for Details on Appealing Disciplinary Sanctions.

3.21 CANCELLATION OF AN **OPTAVIA** COACH BUSINESS.

"Cancellation" of a Coach's **OPTAVIA** business means the discontinuation of a Coach's **OPTAVIA** business for any reason, whether the cancellation is voluntary, involuntary (termination or otherwise), or via non-renewal. A Coach whose **OPTAVIA** business is canceled for any reason will lose all Coach rights, benefits, monetary compensation and privileges, including loss of his/her downline organization which will roll-up to the Coach's Sponsor. See the **OPTAVIA** Procedures for Details on Cancellation of an **OPTAVIA** Coach Business.

3.22 BUSINESS ROLL-UP.

If a Coach's **OPTAVIA** business is canceled for any reason (including termination), the Coach's downline organization, including personally sponsored Coaches and Clients, will "roll-up" to the Coach's Sponsor/Business Coach.

3.23 BUSINESS ENTITIES.

- a. Enrolling as a Business Entity. A Business Entity (e.g. limited liability company, corporation, partnership, etc.) may wish to enroll as an **OPTAVIA** Coach. A Business Entity may apply to

become an **OPTAVIA** Coach by completing, signing, and returning a Business Entity Addendum, signed by all the participants in the Business Entity and purchasing a Business Kit, as well as complying with any other applicable legal requirements. All members of the Business Entity are required to comply with the terms of the Agreement. See the **OPTAVIA** Procedures for Details on Enrolling as a Business Entity.

- b. Changing to a Business Entity. A Coach who enrolled as an individual may wish to transfer his/her account to a Business Entity for the purpose of operating their business. If the Coach wishes to change their form of business from a sole proprietorship to a Business Entity, he/she may do so at any time. The individual must complete, sign and return a Business Entity Addendum to the Company, as well as comply with any other applicable legal requirements.
- c. Business Entity Commissions. All commissions and/or bonuses earned by the Business Entity will be issued in the name of the Business Entity. The Company will not have any liability to the Coach if the Business Entity or any participant in the Business Entity fails to allocate and pay any portion of any bonuses or commissions received by the Business Entity among the multiple participants in the Entity, or for any incorrect allocation and/or payment.
- d. Primary Participant. One member of the Business Entity will be designated as the "Primary Participant" and the Company may rely and act on any information provided by the Primary Participant.
- e. Dissolution of a Business Entity. In cases in which owners of a Business Entity elect to dissolve the Business Entity, and one of the owners advises the Company in writing that they are dissolving the Business Entity, the Coach who is listed as the Primary on the account shall be responsible for fulfilling the obligations of the Business Entity until the Business Entity is fully dissolved and a formal dissolution agreement between the parties is reached that determines the disposition of the Business Entity. While the dissolution is proceeding, no owner may make changes to the business (e.g., change the payee, change the name of the business, etc.) until a formal dissolution agreement concerning the Business Entity is finalized. Upon completion of the dissolution and/or the completion of **OPTAVIA**'s Business Transfer Procedures, the Business Entity shall be transferred to the individual who receives the Business Entity pursuant to the dissolution agreement (or court order if the dissolution is contested). Please note that **OPTAVIA** is unable to split a Business Entity in two, or to divide a commission between multiple parties. Therefore, if the owners or former owners enter into an agreement, or are ordered by a court, whereupon it is incumbent on **OPTAVIA** to split the commission or divide the Business Entity, the business shall be canceled.

3.24 BUSINESS TRANSFER (SALE OF AN **OPTAVIA** COACH BUSINESS).

Coaches who have been paid at the rank of National Director or higher for six (6) of the preceding twelve (12) months may sell or transfer their business subject to obtaining **OPTAVIA**'s prior written approval by the Company's Policy Committee. It is within **OPTAVIA**'s sole discretion whether to allow a business transfer or sale, but such authorization shall not be unreasonably withheld. However, no business that is on disciplinary probation, suspension, or under disciplinary investigation may be sold or transferred unless and until the disciplinary matter is resolved. A Coach wishing to sell or transfer his/her business ("Seller") must first give notice of their intention to sell or transfer the business to the Company and the Company has the right of first refusal to purchase said business, at the same terms/conditions and sale price as that offered to other eligible purchasers. The Company shall have seven (7) business days within which to exercise its right of first refusal. If the Company exercises its right of first refusal, the purchased business will "compress" or "roll-up." If the Company declines to purchase the business within such time, the Seller may then offer to sell or transfer the business to other parties eligible to purchase. If the business is sold or transferred to an existing Coach, the buying Coach ("Purchaser") must be at the rank of National Director or higher, for six (6) of the preceding twelve (12) months. The purchased Coach business will be operated as a second business and remain in its current position in the line of sponsorship, if the purchaser is already a Coach with **OPTAVIA**. Mergers of **OPTAVIA** Coach businesses are not permitted. Coaches are prohibited from using a business transfer/sale to manipulate the Integrated Compensation Plan or any other incentive offered by the Company. See the **OPTAVIA** Procedures for Details on Business Transfers/Sales.

3.25 BUSINESS TRANSFER UPON DEATH.

A Coach may devise his/her business to his/her heirs via a will or other testamentary instrument. A Coach shall not use, or attempt to use a testamentary transfer as a means to circumvent the Business Transfer Policy (Policy 3.24). If the Company believes that a testamentary transfer is being used as a device to circumvent the Business Transfer Policy, the transfer shall be handled pursuant to the Business Transfer Policy and the corresponding Procedures. Unless a testamentary instrument says otherwise, upon the death of a Coach, the rights and responsibilities of the Coach business remain with the spouse, if said spouse is a partner in the business. If a spouse does not exist, the rights and responsibilities are passed on to the rightful heir(s), trustee(s), guardian(s) or conservator(s). The heir(s), trustee(s), guardian(s) or conservator(s) shall be required to contact the Company in writing and shall be bound by the terms and conditions of the Agreement. See the **OPTAVIA** Procedures for Details on Business Transfers upon Death.

3.26 BUSINESS DISTRIBUTION UPON DIVORCE.

In cases in which a couple that jointly operates an **OPTAVIA** Coach business divorce, and one of the spouses advises the Company in writing that they have filed for divorce, the Coach who is listed as the "Primary" on the account shall be responsible for fulfilling the obligations of the business until a divorce decree or order is entered and a court order rules on the disposition of the business (or the parties reach an agreement concerning the disposition of the business, as documented in writing, signed by both parties). Neither party may make changes to the business (e.g., change the payee, change bank account information, change the name of the business, etc.) until a final divorce decree/order is entered (or the parties reach an agreement concerning the disposition of the business, as documented in writing, signed by both parties). Upon entry of the divorce decree/order or reaching an agreement in writing (and the divorce decree/order being provided to the Company), the business shall be transferred to the individual ordered by the court or as agreed to in writing by the parties. Please note that **OPTAVIA** is unable to split a business in two, or to divide a commission between two parties. Therefore, if the spouses or former spouses enter into an agreement, or are ordered by a court to split the commission or divide the business, the business shall be canceled. The spouse not assuming the **OPTAVIA** Coach business may enroll as a new Coach immediately under the Sponsor of his or her choice. See the **OPTAVIA** Procedures for Details on Business Transfers upon Divorce.

3.27 INTERNATIONAL ACTIVITIES.

Coaches are only authorized to promote Company products and programs, conduct events or trainings, and enroll Clients or Coaches in countries that it has officially announced are opened for its Direct Selling operations. Coaches may not conduct advertising, sponsoring, or business activities of any nature in any foreign country that the Company has not announced is officially opened for its Direct Selling business. Company products cannot be shipped into or sold in any other country or to anyone in a country where **OPTAVIA** is not currently opened for business.

SECTION 4 - SPONSORING

4.1 BUSINESS OPPORTUNITY.

OPTAVIA Coaches have the opportunity to grow their businesses beyond acquiring and supporting Clients by building an organization of Coaches. To do so, **OPTAVIA** Coaches can sponsor other individuals as Coaches and, if desired, help them do the same.

4.2 BECOMING A SPONSOR.

Sponsorship opportunities are available to all Coaches; however, Coaches may only sponsor individuals or Business Entities who are residents of the United States, U.S. Territories or U.S. service members and their families at verified APO and FPO military addresses. Sponsoring is only permitted where the Company has officially announced it is open for business. No international sponsoring is permitted at this time. See the **OPTAVIA** Procedures for Details on Sponsoring.

4.3 SPONSOR BUSINESS RESPONSIBILITIES.

Sponsoring Coaches must use their best efforts to provide, on an ongoing basis, bona fide mentoring and training of sponsored Coaches and the Coaches within their organization. Coaches must maintain ongoing contact, communication, and mentoring within their organization. Examples of such mentoring and training may include, but are not limited to:

- a. Providing ongoing contact, communication, encouragement, and support of personally sponsored Coaches and those within their organization;
- b. Product, program, and coaching training;
- c. Encouragement and support;
- d. Written correspondence;
- e. Personal and/or virtual meetings; Telephone contact, voice mail, and/or e-mail;
- f. Accompanying individuals to the Company and/or field training sessions and meetings;
- g. Assisting Coaches to set goals and create business strategies, etc.

4.4 COMPANY-APPOINTED SPONSORS.

Anyone interested in becoming an **OPTAVIA** Coach, but who does not have a specific Sponsor will have one appointed by the Company. These individuals will be distributed as "Business Leads" to qualified Sponsors in accordance with the Company's internal policies concerning Business Leads.

4.5 BUSINESS LEADS.

When the Company receives inquiries from individuals concerning the Company's products, programs, services and/or the business opportunity, the Company refers these individuals to **OPTAVIA** Coaches meeting certain qualifications as determined by the Company at its sole discretion.

4.6 COACH SPONSOR CHANGES.

- a. Requests to Change Sponsors or Lines of Sponsorship. **OPTAVIA** Coaches may change Sponsors only in the most rare and compelling of circumstances and, in all cases, the Coach seeking to change their Sponsor must receive the Company's written approval before doing so. When in its sole discretion the Company grants a change of sponsorship, it is a one-time-only action on behalf of the Coach changing Sponsors. All requests to change Sponsors must come directly from the Coach seeking to be moved. Except for changes requested within the first 30 days of enrollment, if a Coach wishes to change his or her Sponsor, without cancelling their business, the Coach must complete and submit a Sponsor Transfer Request Form. In the Form, the Coach must set forth in detail all of the reasons why he/she requires a Sponsor change (in addition to complying with the steps outlined below) along with the payment of a \$199.00 non-refundable administrative fee for processing the request to change Sponsors ("Sponsor Transfer Request"). See the **OPTAVIA** Procedures for Details on Sponsor Transfer Requests.
- b. Company Review of Requests to Change Sponsors or Lines of Sponsorship. The Company's Policy Committee will review and evaluate each Sponsor Transfer Request received and determine, in its sole discretion, whether a Sponsor Transfer Request is appropriate. The \$199.00 fee for the Company to consider a Sponsor Transfer Request is non-refundable regardless of whether or not the Sponsor Transfer Request is approved; payment of the fee and submission of the Sponsor Transfer Request Form does not guarantee the Company will grant the Sponsor Transfer Request. Payment must be received before the Company will review the Sponsor Transfer Request.
- c. Downline Organization. If a Sponsor Transfer Request is approved, the downline organization of the transferring Coach will remain in its original line of sponsorship. Only the requesting Coach will be moved to a new Sponsor if the Sponsor Transfer Request is granted, the downline organization of the requesting Coach will "roll-up" to the Coach's original Sponsor.

- d. Sponsor Changes within 30 Days of Enrollment. A Sponsor Transfer Request received within thirty (30) days of the Coach's enrollment will be granted upon Company review and approval. In no way should this Policy be interpreted by a newly sponsored Coach as an opportunity to shop around within his/her first thirty (30) days for a different Sponsor, especially if their original Sponsor is reasonably fulfilling the role of Sponsor.
- e. Sponsor Changes More than 30 Days After Enrollment. Sponsor Transfer Requests received more than thirty (30) days after enrollment will be granted by the Company only if:
 - i. A clear, documented, and compelling reason for the Sponsor Transfer Request is provided in the Sponsor Transfer Request Form and the Form is signed by all owners of the **OPTAVIA** Coach business wishing to be transferred;
 - ii. There is agreement in writing from the current Sponsor to the change;
 - iii. There is agreement in writing from the requested Sponsor that they will accept the transferee and assume the appropriate responsibilities;
 - iv. A fee of \$199.00 is paid to the Company by the Coach submitting the Sponsor Transfer Request, prior to the review; and
 - v. There is a final written approval granted by the Company's Policy Committee.
- f. Cancellation through Inactivity. A Coach may also voluntarily cancel their **OPTAVIA** business and remain inactive for six (6) full consecutive calendar months. Following the six (6) calendar month period of inactivity, the former Coach may re-enroll under a new Sponsor of their choice, however:
 - i. The Coach will lose all rights to their former downline organization upon their cancellation and all rights to revenue produced through sales from their former organization;
 - ii. The Coach may not promote Company products, programs, earn compensation, or attend events or trainings during the six-month inactivity period; and
 - iii. Once re-enrolled, the Coach is not permitted to solicit former Clients or induce Coaches or Clients from its former organization to change lines of sponsorship.
 - 1. Coaches who fail to comply with the foregoing for the full six (6) calendar months may be required to sit out an additional six (6) months or may be prohibited from re-enrolling as a Coach with the Company.
- g. Waiver of Claims. If a Coach improperly changes their Sponsor, **OPTAVIA** reserves the sole and exclusive right to determine the final disposition of the downline organization that was developed by the Coach in his/her second line of sponsorship. **COACHES WAIVE ANY AND ALL CLAIMS AGAINST OPTAVIA, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM OPTAVIA'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW A COACH WHO HAS IMPROPERLY CHANGED THEIR SPONSOR.**

4.7 CLIENT TRANSFERS.

Clients are free to choose the Coach they wish to do business with. If a Client wishes to change Coaches, he or she may do so. The Client seeking to change Coaches must request the change and execute the necessary form. Coaches may also assist Clients to change Coaches by providing access to the appropriate form or by submitting the form on behalf of the Client. In addition, again, while a Client is free to choose the Coach they wish to do business with, a Coach may feel transferring a Client to a new Coach would best serve the Client (e.g. in the case of an inactive Client), if a Coach wishes to transfer the Client, the Coach may submit the change request on behalf of the Client. See the **OPTAVIA** Procedures for Details on Client Transfers.

4.8 BULK CLIENT TRANSFERS.

OPTAVIA understands that, from time to time, a Coach may wish to transfer large numbers of front-line entities (inactive Clients, leads, etc.) to another down-line Coach for ongoing support and service (hereinafter called "Bulk Client Transfers"). In order to better serve these front-line entities, **OPTAVIA** provides a process by which the Coach may transfer these front-line entities for an administrative fee proportional to the number of Clients to be transferred. However, please keep in mind that Clients always have the right to select their own Coach. In addition, Bulk Client Transfers may not be used to circumvent any of the Policies outlined herein or to otherwise manipulate the Integrated Compensation

Plan or any incentive offered by the Company. Bulk Client Transfer Requests may be reviewed by the Company's Compliance Department for approval and the Company reserves the right to decline any requests for Bulk Client Transfers at its sole and absolute discretion. See the **OPTAVIA** Procedures for Details on Bulk Client Transfers.

4.9 CROSS-LINE COACH OR CLIENT SOLICITATION.

Coaches shall not directly or indirectly solicit, encourage, or induce a Coach in another Coach's downline to change lines of sponsorship, nor should a Coach directly or indirectly solicit a Client in another Coach's downline. Violation of this Policy will subject the Coach to potential disciplinary action, up to and including termination.

SECTION 5 - ADVERTISING

5.1 BUSINESS SUPPORT TOOLS & MATERIALS.

- a. Definition of Business Support Tools & Materials. Business Support Tools and Materials (hereinafter, "Business Support Materials") includes any and all electronic, printed, audio or video presentations, business building systems, materials and/or tools that a Coach uses to promote and/or advertise the offer or sale of **OPTAVIA** products, programs, services or the business opportunity. Some examples of Business Support Materials may include, but is not limited to: flyer's, posters, videos, PowerPoint presentations, mobile applications, websites, business cards, books, etc.
- b. Use of Business Support Materials. Subject to the exception under Policy 5.2, Coaches are only permitted to use Business Support Materials that have been produced and/or distributed by the Company for the promotion of their business, **OPTAVIA** products, programs, services and the business opportunity ("Company-Produced Business Support Materials"). Coaches may not create, prepare or use their own Business Support Materials.

5.2 COACH-CREATED BUSINESS SUPPORT MATERIALS.

While the Company endeavors to produce and distribute all the Business Support Materials a Coach may need to promote his/her business, the Company recognizes that there may be unique events or opportunities for which the Company does not have specific Business Support Materials prepared. Therefore, a Coach may wish to create certain Business Support Materials which contain the Company's protected trademarks for an event, meeting or other opportunity to advertise his/her business. Business Support Materials created by Coaches ("Coach-Created Business Support Materials") must be limited to flyer's, pamphlets, banners, and other printed materials. Coaches must submit all Coach-Created Business Support Materials they create to the Company for its prior review and written approval before use. The Company has the sole discretion of whether to approve such Coach-Created Business Support Materials. The Company reserves the right to rescind the approval of any Coach-Created Business Support Materials at its discretion, and COACHES WAIVE ANY CLAIM FOR DAMAGES OR REMUNERATION FOR ANY LOSSES THAT THEY MAY INCUR RESULTING FROM OR RELATING TO THE COMPANY'S DECISION TO RESCIND ITS PRIOR APPROVAL. See the **OPTAVIA** Procedures for Details on Approval of Coach-Created Business Support Materials.

5.3 INTERACTION WITH THE MEDIA.

In order to protect the **OPTAVIA** brand and to ensure a consistent message, **OPTAVIA** has determined that it is in the best interest of all Coaches to have designated company spokespersons handle all communications with the media, except as otherwise allowed by these Policies. Accordingly, unless Coaches receive prior written consent from the Company, Coaches are not permitted to contact, solicit, respond to, interview with, or otherwise communicate with the media about **OPTAVIA**, its products, programs, services, the business opportunity, their experience with **OPTAVIA**, or anything else relating to **OPTAVIA**, even if **OPTAVIA** is not mentioned by name. It is a violation of this Policy to provide any information to the media without prior written approval from **OPTAVIA**, regardless of whether the information is positive or negative, accurate or inaccurate. "Media" is defined broadly to include, but is

not limited to, all traditional news outlets, television and radio shows, print media, as well as all Internet-based journalistic communications, which may include blogs, forums, and bulletin boards relating to journalistic news or similar outlets. If the media contacts a Coach, he or she must notify the Company and receive written authorization to speak to the media BEFORE discussing **OPTAVIA** products, programs, services, the business opportunity, etc. with the media. If appropriate, the Company shall appoint an authorized representative to serve as a spokesperson to the media. Coaches who receive written authorization from the Company to interact with the media shall also work with the Company to ensure that **OPTAVIA**'s products, programs and services are accurately presented to the media. See the **OPTAVIA** Procedures for Details on Interaction with the Media.

5.4 PROHIBITED ADVERTISING PRACTICES & TOOLS.

In order to protect the image of the Company as well as our field of Coaches, certain advertising practices are strictly prohibited:

- a. Printed Materials. Except as allowed by these Policies, Coaches are prohibited from advertising their businesses or from using the Company name or any other Company trademark in printed advertising materials or in conjunction with other promotions, this includes:
 - i. National magazines, such as People or Rolling Stone;
 - ii. National/regional magazines, such as Baltimore Magazine or New York Magazine;
 - iii. National newspapers, such as USA Today or The New York Times;
 - iv. Direct Selling publications;
 - v. Outdoor commercial advertising, such as transit ads, billboards, banners on brick and mortar buildings, etc.;
 - vi. Catalogs or catalog listing services;
 - vii. Promotions with other companies; such as the offering of **OPTAVIA** Lean & Green meals at an area restaurant.
- b. Radio, Podcasts and Television. Coaches are prohibited from advertising on national or regional radio, podcasts and television. Coaches are permitted to advertise on local radio to promote local **OPTAVIA** Coach events, however, Coaches may not engage in any radio advertising until the Company has provided written approval concerning the advertisement and the proposed local radio station (via an Advertising Request Form), The Company may decline to provide permission to the Coach at its sole and absolute discretion. With the exception of Company-approved (in writing) PR opportunities, such as Coach interviews on local news programs, Coaches may not advertise **OPTAVIA** products, programs or services on television.
- c. Online Advertising and the Internet. Coaches may not publish, create, or maintain any website, web page (including mobile application), other than their replicated **OPTAVIA** website, in connection with advertising or promoting their business.
- d. Domain Names, URLs, Keywords, Meta Tags, and E-mail Addresses. Coaches may not use, purchase, or register any domain names, URLs, keywords, meta tags, or e-mail addresses that include, in whole or in part, the Company name or any of the Company's trademarks, service marks, or product names, or any derivative thereof. To the extent that Coaches violate this Policy, they hereby acknowledge and agree that they will, upon Company request, immediately discontinue use and/or transfer to the Company (or its designee), at the Coaches' expense, any such materials. Without limitation, a Coach may not:
 - i. Create, operate, or maintain any website or web page with the words **OPTAVIA**, Take Shape for Life, TSFL, Medifast, or any other Company trademark or acronym or derivative of a trademark, in whole or in part, in all or part of the URL (please see partial list of **OPTAVIA** trademarks attached as Appendix A to these Policies);
 - ii. Purchase a keyword from a search engine or other on-line service that comprises or includes the words **OPTAVIA** or any other Company trademark, irrespective of whether the results of searches for that term include the Company;
 - iii. Create an e-mail address that includes **OPTAVIA** or any other Company trademark.
- e. On-line Auctions, Markets and Outlets. Coaches may not sell, auction, or attempt to sell Company products, programs, business tools, coupons/promotional codes, or the unique support services offered by a Coach on any on-line marketplace/storefront or auction sites (e.g., Amazon, eBay, etc.). Coaches are prohibited from using these sites to sell products or solicit/generate leads.

Selling Company products, programs, or services on-line will subject the Coach to potential disciplinary action, up to and including termination.

- f. Unsolicited Communications. Coaches may not send, transmit, or otherwise communicate any spam or other unsolicited mail, e-mail, text, SMS, or other messages to any individual or group. Use of Company provided tools, such as the Back-Office, require that Coaches have a bona fide connection to their message recipients prior to sending correspondence of any kind. Coaches may not buy or use any third party generated e-mail or mailing address lists in conjunction with their **OPTAVIA** business.
- g. Blogs and Vlogs. Coaches cannot create or maintain independent blogs or vlogs (video blogs) that contain the Company name or company trademarks or that describe Company products or programs without written Company approval. Vlogs specifically include, but are not limited to, YouTube and Vimeo.
- h. Product Packaging. Coaches may not re-label, repackage, or modify the Company's products in any way in conjunction with any advertising, presentation, or other endeavor. A Coach may, however, provide products for sampling purposes.
- i. Similar Promotions or Incentives. While Coaches are permitted to run compliant incentives or promotions within their organization as a method to grow their respective businesses, Coaches are prohibited from running incentives, contests and or promotions within their organizations that are confusingly similar in nature to those that are promoted by **OPTAVIA**. Coaches should also ensure that any promotions or incentives that they may choose to run are in compliance with any applicable local, state or federal regulations.
- j. Company-Operated Social Media. The Company (defined as **OPTAVIA** LLC and its parent company, Medifast, Inc.), has its own independent social media presence. From time to time, the Company may use "organic posts" and "paid social media advertisements" to promote the Company and its offerings, including, but not limited to, its products and programs. In order to preserve the intended purpose of these posts and prevent disruption within the **OPTAVIA** Community, **OPTAVIA** Coaches may not directly or indirectly, themselves or through their Clients, attempt to solicit, or recruit potential Client or Coach candidates on any Company social media postings or advertisements. "Attempting to solicit or recruit" shall be broadly construed, and examples include, but are not limited to:
 - i. "Come join my team;"
 - ii. "I can help you lose weight and my services as a Coach are at no extra cost;"
 - iii. "My team and I have a great time together;"
 - iv. "Come join my Coach's team."
 - v. "My Coach is so great! You should use [Coach name]."

5.5 PERMISSIBLE ADVERTISING PRACTICES & TOOLS.

While certain advertising practices are prohibited, Coaches may use a wide variety of resources to attract Clients and to acquire new Coaches. Please remember that Coaches may only use approved Business Support Materials when advertising their business.

- a. Replicated **OPTAVIA** Website. Coaches can advertise their business through their replicated **OPTAVIA** website.
- b. Social Media. Coaches may include a link on their social media sites (Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.) to their replicated **OPTAVIA** website, and vice-versa. Coaches are responsible for the content of all material that they produce and all of their own postings on any social media site, as well as all postings on any social media site that they own, operate, or control. In addition to meeting all other requirements specified in these Policies, if a Coach uses any form of social media to advertise their business, including, but not limited to, Facebook, Twitter, LinkedIn, YouTube, Pinterest, or Instagram, the Coach agrees to each of the following:
 - i. No product sales or enrollments may take place directly or indirectly through any social media site;
 - ii. Coaches may not make any social media postings, or link to or from any postings or other material that is sexually explicit, obscene, pornographic, offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on

- race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise), is graphically violent, is solicitous of any unlawful behavior, that engages in personal attacks on any individual, group, or entity, or is in violation of any intellectual property rights of the Company or any third party;
- iii. Any social media site that is directly or indirectly operated or controlled by a Coach that is used to discuss or promote **OPTAVIA**'s products, programs, services, or the business opportunity, may not link to any website, social media site, or site of any other nature that promotes the products, services, or business program of any Direct Selling company other than **OPTAVIA**;
 - iv. During the term of this Agreement and for twelve (12) calendar months thereafter, a Coach may not use any social media site on which they discuss or promote, or have discussed or promoted, the **OPTAVIA** business or **OPTAVIA**'s products, programs or services to directly or indirectly solicit **OPTAVIA** Coaches for another Direct Selling or network marketing program. A current or former **OPTAVIA** Coach shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other **OPTAVIA** Coaches relating to the Coaches' other Direct Selling business activities. Violation of this provision shall constitute a violation of the Non-Solicitation provision of these Policies;
 - v. If a Coach creates a business profile page on any social media site that promotes or relates to **OPTAVIA**, its products, programs, services or opportunity, the business profile page must relate exclusively to the Coaches' **OPTAVIA** business and **OPTAVIA** products, programs and services (Pinterest and similar sites are exempt from this exclusivity Policy). If the Coaches' **OPTAVIA** business is canceled for any reason or if the Coach becomes inactive, the Coach must deactivate the business profile page;
 - vi. Some social media sites are so robust that they can serve as websites. As Coaches are not permitted to operate independent websites to advertise **OPTAVIA**, its products, programs, services or opportunity, **OPTAVIA** reserves the right to require that a Coach discontinue using a social media site that, in the Company's discretion, serves as a website.
- c. Telephone Directories (Yellow and White Pages). Potential Clients seeking a Coach can look one up in the telephone directory. Coaches may list themselves in telephone books and other directories as their name, followed by "Independent **OPTAVIA** Coach" or "Independent Coach with **OPTAVIA**." Certified Coaches may identify themselves as such in telephone directories (as an "Independent Certified **OPTAVIA** Coach"). This rule also applies to local on-line directories or listings, including websites like www.patch.com and www.yellowpages.com. **OPTAVIA** Coach telephone directory listings must be approved by the Company.
 - d. Community Newspapers and Local Classified Publications. Publications such as PennySaver, local newspapers, and community bulletins are widely read by the people in the community. Coaches may advertise in these publications, so long as the advertisement is approved by the Company.
 - e. On-line Classifieds. Many local newspapers and weekly publications are also available on-line. Coaches may wish to advertise their business through local on-line classified advertisements (including on Craigslist) to promote the Coach's **OPTAVIA** business and to locate potential new Coaches. However, Coaches are not permitted to use on-line classifieds for product sales; postings related to sales of products are strictly prohibited. On-line classified advertisements must be approved by the Company.
 - f. Supermarket Bulletin Boards. Most local grocery stores have a bulletin board where local residents fill out cards advertising goods and services; Coaches may place approved business cards on such bulletin boards.
 - g. Welcome to the Neighborhood. When people move into a new neighborhood, they are on the lookout for new ways to buy familiar goods and services. Many communities offer gift baskets featuring special deals for new residents. Coaches may place approved Business Support Materials or approved business cards in the welcome package.
 - h. Customized E-mail Signature. Turn an e-mail signature into a mini-ad. It's a free, easy way to promote your **OPTAVIA** business. Keep it brief, but include what you think is important. In order to remain consistent with brand guidelines, be sure to hold yourself out as an "Independent **OPTAVIA** Coach" or "Independent Coach with **OPTAVIA**." Certified **OPTAVIA** Coaches can list themselves as an "Independent Certified **OPTAVIA** Coach" in an e-mail signature.

See the **OPTAVIA** Procedures for Details on Submitting Permitted Advertising Materials and Tools to the Company for Approval.

5.6 E-MAIL MESSAGES.

Coaches must comply with all laws regarding the sending of e-mail messages, including the CAN-SPAM Act, and it is a duty of the Coach to become and remain informed about the requirements of these laws. Coaches are prohibited from sending unsolicited e-mails regarding their replicated website or business to individuals who have not specifically requested information regarding the **OPTAVIA** business opportunity, products, programs or services. In the event an individual who has formerly agreed to receive e-mail information later requests that the Coach cease sending the individual e-mail, the Coach must honor this request immediately.

5.7 COMPANY TRADEMARKS & COPYRIGHTS.

The name "**OPTAVIA**" and other names as may be adopted by the Company from time to time are proprietary trade names, trademarks and service marks of **OPTAVIA** (as partially outlined in Appendix A). The Company's trademarks and copyrights are valuable assets and, therefore, the Company strictly regulates the use of these trademarks and copyrights to ensure that they do not lose their value to the Company or to our independent field sales force. Coaches may not use the Company's trademarks, trade names, copyrights and other intellectual property rights, registered or otherwise, in any form except as specifically authorized by these Policies or as otherwise approved in writing by the Company. The Company may prohibit the use of the Company's trademarks or copyrights in any Business Support Materials or other medium. While the Company grants Coaches a limited license to use its trademarks and trade names in promotional media, that license exists only for so long as the Independent **OPTAVIA** Coach Agreement is in effect. Upon cancellation of a Coach's Agreement for any reason, the Coach's license shall expire and the Coach must immediately discontinue all use of the Company's trademarks and trade names. Violation of any of the Policies pertaining to Company Trademarks and Copyrights may subject the Coach to disciplinary action, up to and including termination.

- a. Use of Company Trademarks. Under no circumstances may a Coach use any of **OPTAVIA**'s trade names, trademarks, service marks or logos in any e-mail address, Business Entity name, website domain name, social media name or handle (or social media profile picture), address or phone number. In addition, Coaches are not permitted to use or apply the Company's trade names, trademarks, service marks or logos on any tangible items, including, but not limited to: customized license plates, apparel, products, tools or other materials, unless otherwise allowed in these Policies or as authorized by the Company in writing.
- b. Live and Recorded Events. **OPTAVIA** commonly puts on live and recorded events as well as webinars and telephone conference calls. During these events, Company executives or employees, Coaches, and guests may appear and speak. The content of such events is copyrighted material that is owned exclusively by the Company. Coaches may not record any Company events or functions for any reason, whether such event is live, a webinar, via conference call, or delivered through any other medium (Company events or functions include: "Go Global," "**OPTAVIA** Convention," "Sundance," "National Optimal Health Day," etc.).
- c. Company Produced Business Support Materials. Company-produced Business Support Materials, videos, audio, podcasts, and printed material are copyrighted materials. While some of these materials may be available to Coaches in their Back-Offices for download, Coaches shall not copy any such materials without the Company's prior written approval.

5.8 REPLICATED WEBSITES.

Upon enrollment, Coaches receive a replicated **OPTAVIA** website from which they can generate sales and enrollments of other Coaches. Replicated **OPTAVIA** websites are the only websites that Coaches are authorized to use in connection with their **OPTAVIA** business.

5.9 RETAIL OUTLETS.

Coaches may not sell **OPTAVIA** products in any retail, wholesale, warehouse, trade show or discount establishment (collectively "Retail Outlet"). This includes accepting orders, and/or accepting any form of payment for products and/or exchanging or transferring products to a buyer in a Retail Outlet.

5.10 TESTIMONIALS & CLAIMS.

- a. Weight-Loss Testimonials. If a Coach makes a weight-loss testimonial (including any statements or representations about weight-loss efficacy or statements disclosing or implying the amount of weight that any person has lost) in connection with **OPTAVIA**'s products and programs, the Coach must adhere to each of the following:
 - i. The Coach making the testimonial must clearly and conspicuously disclose that he/she is an independent **OPTAVIA** Coach;
 - ii. The testimonial must be true and accurate, and must disclose all additional material information that impacted their weight loss (e.g., changes in lifestyle or exercise habits, use of diet pills, etc.);
 - iii. The testimonial must clearly and conspicuously include the most recent **OPTAVIA** disclaimers which are included in official **OPTAVIA** literature or posted on **OPTAVIA**'s official website and which may change or be updated from time to time. It is the Coach's obligation to be familiar with the latest disclaimers.
- b. Weight-Loss Statements/Testimonials Disclaimers. Weight-loss statements/testimonials must include one of the following disclaimers, depending on whether (a) only total weight loss is noted in the statement or (b) total weight loss and a time duration is mentioned, for example:
 - i. "Average weight loss for Clients on the Optimal Weight 5&1 Plan® is 12 pounds." Use this version for weight loss statements where only total weight loss is noted without any time duration mentioned, e.g., - "Susan lost 50 pounds;"
 - ii. "Average weight loss for Clients on the Optimal Weight 5&1 Plan® is 12 pounds. Clients are in weight loss, on average, for 12 weeks." Use this version for weight loss statements where both total weight loss and a time duration is mentioned, e.g., - "Susan lost 50 pounds in 4 months."

For additional information on weight loss disclaimers and claims, please see <http://COACHANSWERS.OPTAVIA.com>.

- c. Prohibited Health Claims. It is important to ensure that when you are advertising your business, any health claims are truthful, non-misleading and substantiated. There are a few conditions which improve for almost everyone when they lose weight. We, as a Company, are confident that we have enough scientific support to talk about these conditions, solely when talking about weight loss. Just eating our Fuelings is not enough. Clients must follow the program and actually lose the weight. For example, with respect to weight loss, it is typical that people see improvements in the following conditions:
 - i. High blood pressure;
 - ii. High cholesterol/high triglycerides; and
 - iii. Type 2 diabetes.

At this time, we do not have the scientific support to advertise improvement of any other health-related condition. When discussing improvements of any of these 3 conditions, you must indicate that the improvement was due to weight loss (e.g., "Thanks to losing weight, my type 2 diabetes has improved"). **OPTAVIA** and the Optimal Weight 5 & 1 Plan do not cure, prevent, diagnose, or treat any disease; Coaches may not make claims that **OPTAVIA**'s products and programs can or may help to prevent, cure, and/or mitigate any illness or disease. This prohibition against curative claims includes, but is not limited to, testimonials about **OPTAVIA**'s products and programs that are not contained in official **OPTAVIA** literature or posted on **OPTAVIA**'s official website for the U.S. market. **OPTAVIA** and its products and programs are not medical treatment or care and cannot be conveyed as such. The following is a non-exclusive list of prohibited health claims:

- i. Medication Elimination (example of non-compliant statement - "Thanks to **OPTAVIA**, I'm off all blood pressure medication.");

- a. While you may note that your medication was lowered or reduced DUE TO WEIGHT LOSS, not **OPTAVIA**, you may not discuss medication being lowered or reduced unless it was for one of the 3 conditions noted above - High Blood Pressure, High Cholesterol or Type 2 Diabetes.
- ii. Specific Weight Maintenance (example of non-compliant statement - "I have maintained my weight loss for five years.")
 - a. While you may note that you are maintaining your weight, you are not permitted to include specific time spans when referring to maintaining your weight loss.
- iii. Specific Improvements with High Blood Pressure, High Cholesterol or Diabetes or any other disease or condition (example of non-compliant statements - "My blood pressure has dropped to 120/80," "My cholesterol has dropped below 200," or "My A1C levels are below 5 percent").
 - a. Again, while you may note that you have general improvements in the aforementioned 3 conditions, DUE TO WEIGHT LOSS, you are not permitted to discuss specific improvements with respect to these 3 conditions.

Again, as mentioned above, these are only a few of the prohibited health claims that Coaches are not permitted to make or discuss when advertising their **OPTAVIA** Coach business.

- d. Representing the Income Opportunity. When presenting or discussing the **OPTAVIA** Integrated Compensation Plan or income opportunity, Coaches must make it clear to prospects that financial success in **OPTAVIA** requires commitment, effort, and skill. When presenting or discussing the **OPTAVIA** opportunity or Integrated Compensation Plan or income opportunity to a prospective Coach, Coaches must provide the prospective Coach with a copy of **OPTAVIA**'s then-current Income Disclosure Statement ("IDS"). Coaches may not make any exaggerated income claim nor any claim that is false or deceptive. Conversely, Coaches must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include, but are not limited to:
 - i. It's a turnkey system;
 - ii. The system will do the work for you;
 - iii. Just get in and your downline will build through spillover;
 - iv. Just join and I'll build your downline for you;
 - v. The company does all the work for you;
 - vi. You don't have to sell anything;
 - vii. All you have to do is buy your products every month.

The above are just examples of improper representations about the Integrated Compensation Plan and the business opportunity and are not an inclusive list. It is important that Coaches do not make these, or any other representations, that could lead a prospect to believe that they can be successful as a Coach without commitment, effort, and skill.

- e. Income Disclosure Statement. The Company has developed the Income Disclosure Statement ("IDS") to convey truthful, timely, and comprehensive information regarding the income that **OPTAVIA** Coaches have earned (IDS is attached as Appendix B to these Policies). The IDS is not a projection of what may be earned in the future; it is a report of what Coaches have earned in the past and must be conveyed as such. A copy of the IDS must be made available to any prospective Coach any time the Integrated Compensation Plan or earning opportunity is presented or discussed or any type of income claim or earnings representation is made.
- f. Income Claims and/or Earnings Representations. Income claims and earnings representations (collectively, "income claims") are:
 - i. Any statement indicating a specific amount has been, may be, or will be earned;
 - ii. Any statement making a financial projection;
 - iii. Any statement providing possible ranges within which income can be earned;
 - iv. Statements of earnings ranges;
 - v. Income testimonials;
 - vi. Lifestyle claims;
 - vii. Hypothetical claims.

- g. Lifestyle Claims. A “lifestyle claim” is a form of income claim. It typically includes representations (which often, but do not always, include pictures) of large homes, luxury cars, exotic vacations, expensive jewelry or other items suggesting or implying wealth. References to the achievement of one’s dreams or having everything one always wanted and are phrased in terms of opportunity or possibility or chance are also lifestyle claims. Claims such as “My **OPTAVIA** income exceeded my salary after six months in the business,” or “Our **OPTAVIA** business has allowed my wife to come home and be a full-time mom,” or “I’m now able to send my kids to private school,” are examples of this type of lifestyle claim.
- h. Meetings. In any meeting that is open to the public in which the Integrated Compensation Plan is discussed or any type of income claims are made, there must be a 3-foot x 5-foot or larger copy of the current IDS on display in the front of the room in reasonable proximity to the presenter(s). Alternatively, a Coach may provide all attendees with a copy of the current IDS. In any meeting in which any type of video display is used (e.g., monitor, television, projector, etc.), a slide of the IDS must be displayed continuously throughout the duration of any discussion of the Integrated Compensation Plan or the making of an income claim. Alternatively, a Coach may provide all attendees with a hard copy of the current Income Disclosure Statement on a page that is at least 8”x10.”

5.11 HOLDING EVENTS & MEETINGS.

- a. Field-Run Events. Coaches are encouraged to get together with other Coaches for training, motivational, or business development purposes; these are deemed Meetings or Trainings for purposes of these Policies. Meetings and Trainings can be held between Coaches in the same organization or coaches in other lines of sponsorship. The Company does not need to be notified of their occurrence.
- b. Client or Coach Acquisition Events. Coaches may also wish to hold Client acquisition or business opportunity events that are advertised, promoted, or open to the public. These gatherings are deemed “Events.” For Coach acquisition Events, **OPTAVIA** Coaches must abide by the following requirements:
 - i. Income Disclosure Policies must be adhered to;
 - ii. Only approved Business Support Materials (developed or approved by the Company) may be used at any Event;
 - iii. All other Policies herein must be adhered to when holding an Event, failure to do so is grounds for disciplinary action.
 - 1. While the Company does not need to be notified of the occurrence of Events, should a Coach have any doubt concerning whether or not he/she may be in compliance with all relevant **OPTAVIA** Policies when holding an Event, the Coach should contact the **OPTAVIA** Compliance Department.

5.12 TRADE SHOWS, FAIRS, & EXPOS.

- a. Promoting a Coach Business at Professional Events. We encourage Coaches to attend trade shows, fairs, and expositions to promote their businesses, when they are ready. However, Coaches must refrain from attending events that do not reflect well on the scientific and clinical heritage of the Company, its products and programs, or that could negatively reflect on the image of the Company.
- b. Qualification. Only Certified Coaches who are qualified at the rank of Executive Director or above may attend and promote **OPTAVIA** at trade shows and professional expositions. Other Coaches not yet qualifying at the rank of Executive Director may participate in a tradeshow only under the guidance of a Certified Executive Director personally present at the event.
- c. Turning Event Contacts into Active Clients. If a future Client wishes to place an order at the exposition, he/she can place the order through Client Services or place the order on-line via the Coach’s replicated website.
- d. Company Presence at Events. Members of the **OPTAVIA** corporate team often attend and participate in events, which emphasizes the importance of speaking with one voice from a brand perspective to uniformly promote our products and programs. Therefore, Coaches may not participate in events where there is a corporate presence, unless prior written approval is given

- by the Company. It is solely the Coach's responsibility to comply with this Policy.
- e. Field Presence at Events. **OPTAVIA** is not responsible for managing the event schedule within the field and will not mediate disputes with event vendors or among members of the field.
 - f. Registering for Events. Coaches should inquire with the event organizer prior to registration to determine if the Company will be attending the event. In cases where the Company will be present, Coaches should contact the Company before registration. The Company is not responsible for event registration fees and event costs associated with Coaches registering for events they cannot attend. Coaches may not register themselves as "**OPTAVIA**," Coaches may only register as: "<Coach Name>, Independent **OPTAVIA** Coach" or "<Coach Name>, Independent Coach with **OPTAVIA**," or Certified **OPTAVIA** Coaches can register themselves as "<Coach Name>, Independent Certified Coach with **OPTAVIA**."
 - g. Insurance. As previously mentioned in these Policies (Policy 3.4), **OPTAVIA** does not provide liability or other insurance coverage, which is sometimes required to participate in such events. Such coverage, if necessary, is the sole responsibility of the Coach.
 - h. Approval. **OPTAVIA** further reserves the right to refuse authorization for participation in any function that it does not deem to be a suitable forum for the promotion of its products, programs, services, or the **OPTAVIA** business opportunity.

SECTION 6 - DISPUTE RESOLUTION

6.1 GENERAL DISPUTE RESOLUTION POLICY.

Disputes between the Company and a Coach that arise from or relate to the Agreement, the business operated by the Coach, or the opportunity offered by the Company shall be resolved according to the three-step procedure of: (a) informal negotiation; (b) non-binding mediation; and (c) trial before a court for claims under \$50,000.00 so long as equitable relief is not sought (except as set forth below), or binding arbitration if the claim is for \$50,000.00 or more or if equitable relief is claimed. IF A CLAIM SEEKS DAMAGES FOR \$50,000.00 OR MORE, OR SEEKS EQUITABLE RELIEF (EXCEPT AS SET FORTH BELOW), THE PARTIES AGREE TO RESOLVE THE DISPUTE THROUGH BINDING ARBITRATION AND WAIVE CLAIMS TO A TRIAL BEFORE ANY COURT OR JURY. The following shall apply to all proceedings under this Dispute Resolution Policy:

- a. Any claim a Party has against the other must be brought within one (1) year from the date on which the act or omission giving rise to the claim occurred. In cases in which informal negotiation is required, once informal negotiation is requested in writing, the one-year limitation of actions provision shall be tolled until the closure of the mediation phase of this Policy and for ten (10) calendar days thereafter.
- b. At no time prior to the negotiation and mediation phases below are completed shall either Party initiate arbitration or litigation related to this Agreement or the business except as is otherwise specified in this Dispute Resolution Policy.
- c. Unless otherwise stipulated by the Parties, all offers, promises, conduct and statements, and evidence, whether oral or written, made in the course of the negotiation and/or mediation by any of the Parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation and/or mediation.
- d. Informal negotiations and mediation shall occur in the city in which the Company maintains its principal place of business unless the Parties mutually agree on another forum. Informal negotiations and mediation shall take place telephonically if either Party requests such.
- e. Each Party shall be responsible for its own attorney's fees, expert, professional and witness fees incurred in pursuing any claim, regardless of the forum.
- f. If an action is filed in court, the action may be brought in the jurisdiction in which either Party resides or has its principal place of business.
- g. If arbitration is filed, all arbitration proceedings shall be held in the city in which the Company maintains its principal place of business.

6.2 PHASES OF DISPUTE RESOLUTION.

- a. Phase 1 - Informal Negotiation.
 - i. The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement or the Company's business promptly by negotiation between the aggrieved Coach(es) and executives of the Company who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. A Party may, at its election, choose to be accompanied in such negotiation by an attorney. If one Party elects to have its attorney present, the other Party must also agree to have its attorney present if that Party has retained counsel.
 - ii. To institute the negotiation process, either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Within ten (10) days after delivery of the notice, the receiving Party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each Party's position and a summary of arguments supporting that position, and (b) the name and title of the executive and attorney who will accompany that Party (if applicable), or the name of the Coach and their attorney (if applicable) who will accompany him/her in the negotiation. Within twenty (20) days after delivery of the notice, the Parties and the attorneys (as applicable) of both Parties shall meet at a mutually acceptable time and place. Such meeting may occur telephonically if one Party requests that the meeting be held telephonically.
 - iii. Unless otherwise agreed in writing by the negotiating Parties, mediation may be commenced one (1) business day following the close of the negotiation phase described above. The negotiation phase is "closed" when one Party notifies the other in writing that it considers the negotiation "closed." Such closure shall not preclude continuing or later negotiations if desired by both Parties.
- b. Phase 2 - Mediation.
 - i. If the Parties are unsuccessful in resolving their dispute through good faith negotiation, they shall seek to resolve the dispute through mediation. If a Party elects to pursue mediation, the Party shall submit a written request for mediation to the other Party no later than thirty (30) calendar days after the negotiation phase is closed. The Parties shall have ten (10) calendar days following such request to select a mutually acceptable mediator. If the Parties cannot agree on a mutually acceptable mediator, they shall apply to JAMS (private alternative dispute resolution provider) to have a neutral mediator appointed.
 - ii. Mediation shall be conducted within twenty (20) calendar days from the date on which the mediator is selected or appointed or as otherwise agreed upon by the Parties and the mediator.
 - iii. Unless otherwise agreed upon by the Parties, the mediation shall be closed when the Parties settle the dispute, but in no case later than thirty (30) calendar days following the date on which the first meeting between the mediator and the Parties occurred.
 - iv. If the Company is the claimant, the Company shall be responsible for filing, administrative fees, and the mediator's fees. If a Coach is the claimant, the Coach shall be responsible for no more than \$250.00 in filing and administrative fees, and the Company shall be responsible for the balance of filing and administrative fees as well as the mediator's fees. Each Party shall be responsible for its own attorney's fees, expert, professional and witness fees, and costs associated with all phases of dispute resolution.
- c. Phase 3(a) - Claims for Under \$50,000.00 with no Claim for Equitable Relief.
 - i. Claims for less than \$50,000.00 and in which equitable relief is NOT sought may be brought pursuant to the arbitration policy below if the Parties agree. If the Parties do not agree, a claim may be brought before the small claims or district courts in the county in which either Party resides or has its principal place of business.

- d. Phase 3(b) - Claims for \$50,000.00 or More or Claims Seeking Equitable Relief - Confidential Arbitration.
 - i. If a claim seeks \$50,000.00 or more, or seeks equitable relief, and the Parties do not successfully resolve their dispute through the negotiation and mediation procedures above, the dispute shall be resolved through binding confidential arbitration as set forth below.
- e. Phase 3(c) - Public Equitable Relief.
 - i. If public equitable relief is authorized by federal or state statute, the Parties agree that an action may be brought before the district court in the county in which either Party resides or has its principal place of business, so long as: (a) the relief sought is limited to public equitable relief that is authorized by federal or state statute; and (b) the public equitable relief is unavailable through arbitration proceedings. If public equitable relief is available through JAMS arbitration, the dispute shall be resolved according to the arbitration provisions of this Dispute Resolution Policy.
- f. JAMS to Administer Arbitration. The arbitration shall be filed with, and administered by JAMS in accordance with its Comprehensive Rules and Procedures, which are available on JAMS' website at: <https://www.jamsadr.com/rules-comprehensive-arbitration/>. Copies of JAMS Rules and Procedures will also be e-mailed to Coaches upon request to **OPTAVIA's** Compliance Department. Notwithstanding the rules of JAMS, unless otherwise stipulated by the Parties, the following shall apply to all arbitration actions:
 - i. The Federal Rules of Evidence shall apply in all cases;
 - ii. The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
 - iii. The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
 - iv. The arbitration hearing shall commence no later than 365 days from the date on which the arbitrator is appointed, and shall last no more than five (5) business days;
 - v. The Parties shall be allotted equal time to present their respective cases;
 - vi. An Arbitrator's award will consist of a written statement stating the disposition of each claim. The award will also provide a concise written statement of the essential findings and conclusions on which the award is based;
 - vii. Any dispute relating to whether the dispute is subject to arbitration shall be decided through arbitration.

6.3 CONFIDENTIALITY.

With the exception of discussing the claims with bona fide witnesses to the dispute, neither Party shall verbally or in writing discuss, publish, or otherwise disseminate the claims, allegations, merits, evidence, positions, pleadings, testimony, rulings, awards, orders, issues, or any other aspect of the dispute to any third party, including but not limited to disclosure on the Internet or on any social media or blog platform, prior to, during, or after any phase of the dispute resolution process unless a specific exemption contained in this Dispute Resolution Policy applies.

6.4 LIQUIDATED DAMAGES FOR BREACH OF CONFIDENTIALITY OBLIGATION.

If a Party violates its confidentiality obligations under this Dispute Resolution Policy, the non-breaching Party shall incur significant damages to its reputation and goodwill that shall not be readily calculable. Therefore, if a Party, its attorneys, agents, or a proxy of a Party breaches the confidentiality provision of this Dispute Resolution Policy, the following shall apply:

- a. The non-breaching Party shall be entitled to liquidated damages in the amount of \$10,000.00 per violation, or \$25,000 per violation if the disclosure is published on the Internet, including but not limited to disclosure on any website or on any social media forum. Every disclosure of each claim, allegation, pleading, or other prohibited disclosure shall constitute a separate violation. Notwithstanding this confidentiality and liquidated damages provision, nothing herein shall limit the right or ability of a Party to disclose evidence, claims or allegations relating to the dispute to any individual who is, or who may be, a bona fide witness to the dispute. The Parties agree that this liquidated damages amount is reasonable and waive all claims and defenses that it constitutes a penalty; AND

- b. Breach of the confidentiality provision by disseminating or publishing information described in Policy 6.3 above through any form of mass media (including but not limited to posting on the Internet or on any social media platform) by a Party, a Party's agent, or a Party's proxy shall constitute an act of gross bad faith, and shall constitute a waiver of the breaching Party's right to pursue its claim(s) and/or defense(s) against the non-breaching Party, and shall entitle the non-breaching Party to a default judgment against the breaching Party.

6.5 EMERGENCY RELIEF.

Either Party may bring an action before JAMS seeking emergency relief to protect its intellectual property rights, including but not limited to protecting its rights pursuant to the Non-Solicitation provisions of these Policies. A claim or cause of action seeking emergency relief shall be brought pursuant to the Emergency Relief Procedures in JAMS Comprehensive Rules and Procedures, available at <https://www.jamsadr.com/rules-comprehensive-arbitration/>, or by contacting the company at compliance@OPTAVIA.com. The Parties agree that any violation of the Non-Solicitation provisions (Policies 3.7 and 5.5.iv.) or Confidential Information (Policy 3.8) Policies shall entitle **OPTAVIA** to emergency and permanent equitable relief because: (a) there shall be no adequate remedy at law; (b) **OPTAVIA** shall suffer immediate and irreparable harm should such Policies be breached; and (c) if emergency and permanent equitable relief is not granted, the injury to **OPTAVIA** shall outweigh the potential harm to the Coach.

6.6 SITUATIONS IN WHICH THE DISPUTE RESOLUTION POLICY IS MODIFIED.

This Dispute Resolution Policy shall be modified as specified below in the following situations:

- a. Action to Enforce Arbitration Award or Order. Either Party may bring an action in a court properly vested with jurisdiction to enforce an arbitration award or order, including but not limited to an order for emergency relief. Actions to enforce an arbitration award may be instituted in a court properly vested with jurisdiction and are not subject to this Dispute Resolution Policy, with the exception of the confidentiality and liquidated damages provisions should a Party breach its confidentiality obligation.
- b. Petitions for Emergency Relief. If a Party deems it necessary to seek emergency equitable relief to protect its interests, it may seek emergency equitable relief as set forth in this Dispute Resolution Policy without engaging in the negotiation or mediation phases set forth above. Notwithstanding the foregoing, the Parties are encouraged, but not required, to engage in negotiation and/or mediation concurrently with any pending request for emergency relief.
- c. Public Equitable Relief Authorized by Statute. "Public equitable relief" is injunctive relief that has the primary purpose of prohibiting unlawful acts that threaten future injury to the general public. If public equitable relief is specifically authorized by federal or state statute, an action may be brought before a court properly vested with jurisdiction over the Parties so long as: (a) the only relief sought in the case is public equitable relief that is authorized by federal or state statute; and (b) the public equitable relief is unavailable through arbitration proceedings. If public equitable relief is available through arbitration, the claim for public equitable relief shall be brought pursuant to the arbitration process as set forth in this Dispute Resolution Policy. In an action seeking only public equitable relief, the Parties may forgo the negotiation and mediation phases of this Dispute Resolution Policy. The confidentiality provisions and corresponding liquidated damages provisions for breach of confidentiality obligations contained in this Dispute Resolution Policy shall remain in effect for claims and actions seeking public equitable relief unless an action is brought before a court as specifically permitted pursuant to this subsection and the disclosure is related solely to material that is not filed with the court under seal.
- d. Patent, Trademark and Copyright Infringement Claims. If an action is brought seeking injunctive relief to prevent infringement of a patent, trademark, or copyright, such action may be brought before the United States Courts properly vested with jurisdiction and is not subject to this Dispute Resolution Policy so long as: (a) the only cause of action asserted in the case is for the infringement of a patent, trademark, or copyright; and (b) the only relief sought is equitable relief.

- e. Disciplinary Sanctions. The Company shall not be required to engage in the three-step dispute resolution process prior to imposing disciplinary sanctions against a Coach for violation of the Agreement.

6.7 REMEDIES.

Remedies available to the Coach under United States federal laws, and the state and local laws of the Coach's state, shall remain available to the Coach in any arbitration proceeding.

6.8 CLASS ACTION WAIVER.

All disputes, whether pursued through arbitration or before the courts, that arise from or relate to the Agreement, that arise from or relate to the **OPTAVIA** business, or that arise from or relate to the relationship between the Parties, shall be brought and proceed on an individual basis. The Parties waive their rights to pursue any action against the other Party and/or their respective owners, officers, directors and agents, on a class or consolidated basis. The Coach may opt out of this class action waiver if he/she wishes by submitting written notice to the Company of the Coach's desire to opt-out within thirty (30) days from the date on which he/she enrolled as a Coach. The Coach must submit written opt-out notice to the Company at compliance@OPTAVIA.com.

6.9 GOVERNING LAW.

The Federal Arbitration Act shall govern all matters relating to arbitration, including whether or not a claim is subject to arbitration. Except as is otherwise specified in these Policies, the law of the State of Maryland, without regard to principals of conflicts of laws, shall govern all other matters relating to or arising from the Agreement, the business, the relationship between the Parties, or any other claim between the Parties. Notwithstanding the foregoing, if a dispute is properly raised before a court as permitted in this Dispute Resolution Policy, the case shall be governed by the law of the state in which the court hearing the matter resides.

6.10 DAMAGES WAIVER.

In any action arising from or relating to the Agreement, the Parties waive all claims for incidental and/or consequential damages, even if the other Party has been apprised of the likelihood of such damages. The Parties further waive all claims to exemplary and punitive damages. Nothing in this Policy shall restrict or limit a Party's right to recover liquidated damages as set forth in these Policies.

6.11 LOUISIANA RESIDENTS.

The dispute resolution provisions in these Policies shall apply to Louisiana residents with the exception that Louisiana residents may bring arbitration against **OPTAVIA** in their home forum and pursuant to Louisiana law.

Appendix A - U.S.A. PARTIAL LIST OF OPTAVIA TRADEMARKS*

4 & 2 & 1 Plan®

5 & 1 Plan®

5 & 2 & 2 Plan®

Flavors of Home®

Healthy Habits for All®

Lifelong Transformation, One Healthy Habit at a Time®

OPTAVIA®

Optimal Health 3 & 3 Plan®

Optimal Weight 4 & 2 & 1 Plan®

Optimal Weight 5 & 2 & 2 Plan®

Optimal Weight 5 & 1 Plan®

Purposeful Hydration®

We make healthy eating second nature™

*This list is not complete and is subject to update at any time at the discretion of the Company.
For a complete list of Intellectual Property and trademarks, please email the Compliance Department.

Appendix B - OPTAVIA Income Disclosure Statement

OPTAVIA 2019 U.S. INCOME DISCLOSURE STATEMENT*

2019 ANNUAL INCOME RANGES OF ALL INDEPENDENT OPTAVIA COACHES

RANGE	% OF INDEPENDENT OPTAVIA COACHES	AVERAGE NO. OF MONTHS IN THE BUSINESS	MEDIAN NO. OF MONTHS IN THE BUSINESS
NO EARNINGS	21.66%	12	12
\$0.01 - \$100.00	8.16%	15	12
\$100.01 - \$250.00	11.88%	13	9
\$250.01 - \$500.00	11.34%	16	11
\$500.01 - \$1,000.00	11.80%	19	12
\$1,000.01 - \$2,500.00	13.08%	20	12
\$2,500.01 - \$5,000.00	7.32%	22	14
\$5,000.01 - \$7,500.00	3.11%	24	15
\$7,500.01 - \$10,000.00	1.82%	24	16
\$10,000.01 - \$15,000.00	2.19%	24	17
\$15,000.01 - \$20,000.00	1.54%	26	19
\$20,000.01 - \$30,000.00	2.10%	30	21
\$30,000.01 - \$50,000.00	2.19%	36	24
\$50,000.01 - \$100,000.00	1.24%	44	31
\$100,000.01 - \$200,000.00	0.36%	50	39
\$200,000.01+	0.21%	89	78

*Based on 2019 Annual Income Ranges of ALL Independent OPTAVIA Coaches operating in the U.S. under the U.S. Compensation Plan.

These figures are not guarantees or projections of expected earnings or profits, and the income levels represented do not include expenses independent OPTAVIA Coaches may have incurred in building their businesses. OPTAVIA makes no guarantee of financial success. Success with OPTAVIA results from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership.

Appendix C - DSA CODE OF ETHICS

The Direct Selling Association (“DSA”), recognizing that companies engaged in direct selling assume certain responsibilities toward consumers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies will continue to adhere to in the conduct of their business.

Explanatory provisions in italics

Code of Ethics

Preamble

The Direct Selling Association (“DSA”), recognizing that companies engaged in direct selling assume certain responsibilities toward consumers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies will continue to adhere to in the conduct of their business.

A. Code of Conduct

1. Deceptive or Unlawful Consumer or Recruiting Practices

- a. No member company or independent salesperson for a member company shall engage in any deceptive, false, unethical or unlawful consumer or recruiting practice. Member companies shall ensure that no statements, promises or testimonials are made that are likely to mislead consumers or prospective independent salespeople.
- b. Member companies and their independent salespeople must comply with all requirements of law. While this Code does not restate all legal obligations, compliance with all pertinent laws by member companies and their independent salespeople is a condition of acceptance by and continuing membership in DSA.
- c. Member companies shall conduct their activities toward other member companies in compliance with this Code and all pertinent laws.
- d. Information provided by member companies and their independent salespeople to prospective or current independent salespeople concerning the opportunity and related rights and obligations shall be accurate and complete. Member companies and their independent salespeople shall not make any factual representation to prospective independent salespeople that cannot be verified or make any promise that cannot be fulfilled. Member companies and their independent salespeople shall not present any selling opportunity to any prospective independent salesperson in a false, deceptive or misleading manner.
- e. Member companies and their independent salespeople shall not induce a person to purchase products or services based upon the representation that a consumer can recover all or part of the purchase price by referring other consumers, if such reductions or recovery are violative of applicable referral sales laws.
- f. Member companies shall provide to their independent salespeople either a written agreement or a downloadable electronic statement to be signed by both the member company and the independent salesperson, or a written statement containing the essential details of the relationship between the independent salesperson and the member company. Member companies shall inform their independent salespeople of their legal obligations, including their responsibility to handle any applicable licenses, registrations and taxes.

- g. Member companies shall provide their independent salespeople with periodic accounts including, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the member company's arrangement with the independent salesperson. All monies due shall be paid and any withholdings made in a commercially reasonable manner.
- h. Independent salespeople shall respect any lack of commercial experience of consumers. Independent salespeople shall not abuse the trust of individual consumers, or exploit a consumer's age, illness, handicap, lack of understanding or unfamiliarity with a language.

1. This section does not bring "proselytizing" or "salesforce raiding" disputes under the Code's jurisdiction, unless such disputes involve allegations of deceptive, unethical or unlawful recruiting practices or behaviors aimed at potential salespeople. In those cases, the section applies. As used in this section, "unethical" means violative of the U.S. DSA Code of Ethics.

The DSA Code Administrator appointed pursuant to Section C.1 ("Administrator") has the authority to make a determination of what is a deceptive, unlawful or unethical consumer or recruiting practice under the Code using prevailing legal standards as a guide. Compliance with any particular law, regulation or DSA Code of Ethics provision is not a defense to a determination by the Administrator that a practice is deceptive, unlawful or unethical. For example, in a sale to a consumer, compliance with the Federal Trade Commission Cooling-Off Rule does not prevent the Administrator from making a determination that a particular sales practice is deceptive, unlawful or unethical and that a refund or compensation is required.

2. Products, Services and Promotional Materials

- a. The offer of products or services for sale by member companies and their independent salespeople shall be accurate and truthful as to price, grade, quality, make, value, performance, quantity, currency of model and availability. All product claims made by member companies and their independent salespeople must be substantiated by competent and reliable evidence and must not be misleading. A consumer's order for products and services shall be fulfilled in a timely manner.
- b. Neither member companies nor their independent salespeople shall make misleading comparisons of another company's direct selling opportunity, products or services. Any comparison must be based on facts that can be objectively and adequately substantiated by competent and reliable evidence. Neither member companies nor their independent salespeople shall denigrate any other member company, business, product or service—directly or by implication—in a false or misleading manner and shall not take unfair advantage of the goodwill attached to the trade name and symbol of any company, business, product or service.
- c. Promotional literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are false, deceptive or misleading. (Promotional literature shall contain the name and address or telephone number of the member company and may include the telephone number of the individual independent salesperson).
- d. Independent salespeople shall offer consumers accurate information regarding: price, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. Independent salespeople shall give understandable and accurate answers to questions from consumers. To the extent claims are made with respect to products, independent salespeople shall make only those product claims authorized by the member company.

1. and 2. These sections cover communications about your own company or another company. For example, this section covers misleading statements made by an independent salesperson for company A about company B and/or its products to consumers or prospective independent salespeople.

3. Terms of Sale

- a. A written order or receipt shall be delivered to the consumer at or prior to the time of the initial sale. In the case of a sale made through the mail, telephone, Internet, or other non-face-to-face means, a copy of the order form shall have been previously provided, be included in the initial order, or be provided in printable or downloadable form through the Internet. The order form must set forth clearly, legibly and unambiguously:
1. Terms and conditions of sale, including the total amount the consumer will be required to pay, including all interest, service charges and fees, and other costs and expenses as required by federal and state law;
 2. Identity of the member company and the independent salesperson, and contain the full name, permanent address and telephone number of the member company or the independent salesperson, and all material terms of the sale; and
 3. Terms of a guarantee or a warranty, details and any limitations of after-sales service, the name and address of the guarantor, the length of the guarantee, and the remedial action available to the consumer. Alternatively, this information may be provided with other accompanying literature provided with the product or service.
- b. Member companies and their salespeople shall offer a written, clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three business days from the date of the purchase transaction and receive a full refund of the purchase price. The cooling off period shall apply equally to face-to-face sales as well as mail, telephone, Internet, or other non-face-to-face sales.
- c. Member companies and their independent salespeople offering a right of return, whether or not conditioned upon certain events, shall provide it in writing.

4. Warranties and Guarantees

The terms of any warranty or guarantee offered by the seller in connection with the sale shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations. The manufacturer, distributor and/or seller shall fully and promptly perform in accordance with the terms of all warranties and guarantees offered to consumers.

5. Identification and Privacy

- a. At the beginning of sales presentations independent salespeople shall truthfully and clearly identify themselves, their company, the nature of their company's products or services, and the reason for the solicitation. Contact with the consumer shall be made in a polite manner and during reasonable hours. A demonstration or sales presentation shall stop upon the consumer's request.
- b. Member companies and independent salespeople shall take appropriate steps to safeguard the protection of all private information provided by a consumer, independent salesperson or prospective independent salesperson.

6. Pyramid Schemes

For the purpose of this Code, pyramid or endless chain schemes shall be considered actionable under this Code. The DSA Code Administrator (appointed pursuant to Section C.1) shall determine whether such pyramid or endless chain schemes constitute a violation of this Code in accordance with applicable federal, state and/or local law or regulation.

Member companies shall remunerate independent salespeople on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may be based on the sales and personal consumption by the independent salespeople and their downlines.

Independent salespeople shall not receive earnings for recruiting other participants into a sales system; except that companies may provide independent salespeople with minimal incentives in accordance with the law.

6. The definition of an “illegal pyramid” is based upon existing standards of law as reflected in In the matter of Amway, 93 FTC 618 (1979) and the anti-pyramid statutes of various states. In accordance with these laws, member companies shall remunerate independent salespeople primarily on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may include compensation based on purchases that are not simply incidental to the purchase of the right to participate in the program. See Section 9 for further clarification.

7. Inventory Purchases

a. Any member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall adopt and communicate a policy, in its recruiting literature, sales manual, or contract with an independent salesperson, that the company will repurchase on reasonable commercial terms currently marketable inventory, in the possession of that salesperson and purchased by that salesperson for resale prior to the date of termination of the independent salesperson’s business relationship with the company. For purposes of this Code, “reasonable commercial terms” shall include the repurchase of marketable inventory, promotional materials, sales aids, tools and kits within twelve (12) months from the salesperson’s date of purchase at not less than 90 percent of the salesperson’s original net cost less appropriate set offs and legal claims, if any. For purposes of this Code, products shall not be considered “currently marketable” if returned for repurchase after the products’ commercially reasonable usable or shelf life period has passed; nor shall products be considered “currently marketable” if the company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued, or special promotion products and are not subject to the repurchase obligation.

7a. The purpose of the buyback is to eliminate the potential harm of “inventory loading;” i.e., the practice of loading up salespeople with inventory they are unable or unlikely to be able to sell or use within a reasonable time period. Inventory loading has historically been accomplished by giving sellers financial incentives for sales without regard to ultimate sales to or use by actual consumers.

The repurchase provisions of the Code are meant to deter inventory loading and to protect distributors from financial harm that might result from inventory loading.

“Inventory” is considered to include both tangible and intangible product; i.e., both goods and services. “Current marketability” of inventory shall be determined on the basis of the specific condition of the product. Factors to be considered by the DSA Code Administrator (appointed pursuant to Section C. 1) when determining “current marketability” are condition of the goods and whether or not the products have been used or opened.

Changes in marketplace demand, product formulation, or labeling are not sufficient grounds for a claim by the company that a product is no longer “marketable.” Nor does the ingestible nature of certain products limit the current marketability of those products. Government regulation that may arguably restrict or limit the ultimate resale ability of a product does not limit its “current marketability” for purposes of the Code.

State statutes mandate that certain buyback provisions required by law must be described in an independent salesperson’s contract. While acknowledging that the contract is probably the most effective place for such information, the DSA Code allows for placement of the provision in either “its recruiting literature, sales manual or contract.” Regardless, the disclosure must be in writing and be clearly stated. Wherever disclosed, the buyback requirement shall be construed as a contractual obligation of the company.

A member company shall not place any unreasonable or procedural impediments in the way of salespeople seeking to sell back products to the member company.

The buyback process should be as efficient as possible and designed to facilitate buyback of products. The buyback provisions apply to all terminating independent salespeople who otherwise qualify for such repurchase, including independent salespeople who are not new to a particular company, or those who have left a company to sell for another company.

The buyback policy should be published in multiple locations and formats, and stated in a manner understood easily by a typical independent salesperson. It should be the goal of each member company to ensure that the typical independent salesperson is aware of the company's buyback policy. Therefore, each member company should undertake its best efforts to ensure the effective communication of the policy.

- b. The DSA Code Administrator appointed pursuant to Section C.1, upon finding a member company has engaged in false, misleading or deceptive recruiting practices, may employ any appropriate remedy to ensure any complainant shall not incur significant financial loss as a result of such prohibited behavior, including but not limited to requiring such member company to repurchase any and all inventory, promotional materials, sales aids and/or kits which a complainant has purchased.

8. Earnings Representations

The following shall be considered "earnings representations" under this Code:

1. Any oral, written or visual claim that conveys, expressly or by implication:
 - a) A specific level or range of actual or potential sales; or
 - b) Gross or net income or profits, including but not limited to representations that either explicitly or implicitly suggest that lifestyle purchases— including homes, vehicles, vacations and the like— are related to income earned.
2. Any statement, representation or hypothetical scenario from which a prospective independent salesperson could reasonably infer that he/she will earn a minimum level of income;
3. Any chart, table or mathematical calculation demonstrating possible income, actual or potential sales, or gross or net profits based upon a combination of variables;
4. Marketing materials or advertising explicitly describing or promising potential income amounts, or material-based lifestyles of independent salespeople;
5. Any sales and earnings representations must be documented and substantiated. Member companies and their independent salespeople must maintain such documentation and substantiation, making it available to the Administrator upon written request.
 - 5a. Any award or announcement of compensation describing the earnings of any current or past salesperson. A company's sales incentive awards, trips or meetings, and/or commissions, overrides, bonuses or other compensation, shall not be considered earnings representations unless they are accompanied by express indication of their value.
 - 5b. Member companies must comply with, and obligate their independent salespeople to also comply with, the following standards:
 1. Earnings representations and sales figures must be truthful, accurate, and presented in a manner that is not false, deceptive or misleading.

2. Current and prospective independent salespeople must be provided with sufficient information to understand that: a) Actual earnings can vary significantly depending upon time committed, skill level and other factors; b) Not everyone will achieve the represented level of income; and c) Such amounts are before expenses, if any.
 3. Current and prospective independent salespeople must be provided with sufficient information to enable a reasonable evaluation of the opportunity to earn income.
 4. If a specific independent salesperson's commission or bonus payments are included in an earnings representation, any distributions made for those payments to others in the sales organization must be disclosed or deducted from the figure(s) used.
 5. Any sales and earnings representations must be documented and substantiated. Member companies and their independent salespeople must maintain such documentation and substantiation, making it available to the Administrator upon written request.
 6. Industry-wide—including DSA-produced—financial, earnings or performance information cannot be used as the primary source in documenting or substantiating a member company's or independent salesperson's representations. Such information can, however, be used in a general manner.
- 5c. In assessing whether an earnings representation violates this section of the Code, the Administrator shall consider all relevant facts and information, including but not limited to the factors outlined in this section.
6. There is ample legal precedent in the form of FTC decisions to afford guidance on the subject of earnings representations. While not controlling, these precedents should be used by the Administrator in making determinations as to the substantiation of a member company's earnings claims.

The Code's simple prohibition of misrepresentations was intended, in part, to avoid unduly encumbering start-up member companies that have little or no actual earnings history with their compensation plan or established member companies that are testing or launching new compensation plans. The prohibition approach is meant to require that member companies in these circumstances need only ensure that their promotional literature and public statements clearly indicate that the compensation plan is new and that any charts, illustrations and stated examples of income under the plan are potential in nature and not based upon the actual performance of any individual(s).

9. Inventory Loading

A member company shall not require or encourage an independent salesperson to purchase inventory in an amount which unreasonably exceeds that which can be expected to be resold and/or consumed by the independent salesperson within a reasonable period of time.

Member companies shall take clear and reasonable steps to ensure that independent salespeople are consuming, using or reselling the products and services purchased.

It shall be considered an unfair and deceptive recruiting practice for a member company or independent salesperson to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids. The Administrator may employ any appropriate remedy to ensure any individual salesperson shall not incur significant financial loss as a result of such prohibited behavior.

- 9a. See, Code Explanatory Section 7a. regarding inventory loading. This provision should be construed in light of the regulatory admonition that commissions be generated by purchases that are not simply incidental to the purchase of the right to participate in the program (see Federal Trade Commission 2004 Advisory Opinion Letter to DSA.) Member companies that implement procedures demonstrating that salespeople are purchasing the product for resale, for their own use/ consumption (i.e., "self-consumption", "personal

consumption” or “internal consumption”) or for other legitimate purposes will be better able to meet the requirements of Section 9. The Code recognizes this as a long-standing and accepted practice in direct selling and does not prohibit compensation based on the purchases of salespeople for personal use.

Further, the Code does not set forth specific standards or requirements that a minimum level of sales take place outside of the salesforce.

10. Payment of Fees

- a. Neither member companies nor their independent salespeople shall ask individuals to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the member company’s business. Any fees charged to become an independent salesperson shall relate directly to the value of materials, products or services provided in return. No company shall require product purchases as part of the application process unless included in the starter kit.
 - b. Any required fees charged to become or remain an independent salesperson including any required additional service offered by the company (e.g. on-line training , e-Commerce or other Internet solutions, shipment costs) shall be fully refundable (less any commission earned by the independent salesperson) in the event the independent salesperson terminates his/her distributorship within 30 days of payment. The refundable fees are limited to those paid by the independent salesperson in the 30 days prior to the distributor termination.
 - c. Any commissions paid on fees charged to become or stay an independent salesperson, which are, in effect, remuneration for recruitment into a sales system, shall be prohibited.
- 10a. High entrance fees can be an element of pyramid schemes, in which individuals are encouraged to expend large upfront costs, without receiving product of like value. These fees then become the mechanism driving the pyramid and placing participants at risk of financial harm. Some state laws have requirements that fees be returned similar to the repurchase provisions delineated in Code Section 7a. The Code eliminates the harm of large fees by prohibiting unreasonably high fees. The Administrator is empowered to determine when a fee is “unreasonably high.” For example, if a refund is offered for only a portion of an entrance fee, to cover what could be described as inventory, and there is nothing else given or received for the balance of the entrance fee, such as a training program, that portion of the entrance fee may be deemed to be unreasonably high by the Administrator. This Code section reinforces the provisions in Section B. Responsibilities and Duties requiring member companies to address the Code violations of their independent salespeople.
- 10b. Fees for services (training, Internet solutions and shipment) are subject to the refund so long as these services are required to become or remain a direct seller.
- 10c. This section is intended to prohibit payments primarily for recruitment as an element of prohibited pyramid schemes. See Section 6 for further clarification.

11. Training and Materials

- a. Member companies shall provide adequate training to enable independent salespeople to operate ethically.
- b. Member companies shall prohibit their independent salespeople from marketing or requiring the purchase by others of any materials that are inconsistent with the member company’s policies and procedures. Further, member companies shall prohibit independent salespeople from marketing any materials that are not approved by the member company and that are inconsistent with member company policies and procedures.

- c. Independent salespeople selling member company-approved sales aids, promotional or training materials, whether in hard copy or electronic form, shall:
1. Use only materials that comply with the same standards used by the member company,
 2. Not make the purchase of such materials a requirement of other independent salespeople,
 3. Provide such materials at not more than the price at which similar material is available generally in the marketplace, without significant profit to the independent salesperson, and
 4. Offer a written return policy that is the same as the return policy of the member company the independent salesperson represents.
- d. Member companies shall take diligent, reasonable steps to ensure that promotional or training materials produced by their independent salespeople comply with the provisions of this Code and are not false, misleading or deceptive.
- e. Compensation received by Direct Sellers for sales of training and promotional materials to become or stay a Direct Seller which is, in effect, remuneration for recruiting Direct Sellers into a sales system, shall be prohibited.

Because it may be impractical for member companies to review every independent salesperson's communication (e.g. social media posts), adoption of a requirement that independent salespeople market only materials in compliance with company policies shall be considered "approval" for purposes of this section.

B. Responsibilities and Duties

- a. Member companies shall establish, publicize and implement complaint handling procedures to ensure prompt resolution of all complaints.
- b. In the event any consumer shall complain that the independent salesperson offering for sale the products or services of a member company has engaged in any improper course of conduct pertaining to the sales presentation of its goods or services, the member company shall promptly investigate the complaint and shall take such steps as it may find appropriate and necessary under the circumstances to cause the redress of any wrongs that its investigation discloses to have been committed.
- c. Member companies will be considered responsible for Code violations by their independent salespeople where the Administrator finds, after considering all the facts, that a violation of the Code has occurred. For the purposes of this Code, in the interest of fostering consumer protection, member companies shall voluntarily not raise the independent contractor status of salespersons distributing their products or services under its trademark or trade name as a defense against Code violation allegations, provided, however, that such action shall not be construed to be a waiver of the member companies' right to raise such defense under any other circumstance.
- d. Member companies should be diligent in creating awareness among their employees and/or the independent salespeople marketing the member company's products or services about the member company's obligations under the Code. No member company shall in any way attempt to persuade, induce or coerce another company to breach this Code, and an attempt to induce a breach of this Code is considered a violation of the Code.

- e. Independent salespeople are not bound directly by this Code, but as a condition of participation in a member company's distribution system, shall be required by the member company with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.
- f. This Code is not law but its obligations require a level of ethical behavior from member companies and independent salespeople that is consistent with applicable legal requirements. Failure to comply with this Code does not create any civil law responsibility or liability. When a company leaves the DSA membership, a company is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a company was a member of DSA.

2. Required Code Communication

- a. All member companies are required to publicize the DSA Code of Ethics and the process for filing a Code complaint to their independent salespeople and consumers. At a minimum, member companies must have one of the following:
 - 1. An inclusion on the member company's website of the DSA Code of Ethics with a step-by-step explanation as to how to file a complaint; or
 - 2. A prominent link from the member company's website to the DSA Code of Ethics web page, with a separate mention of, or separate link to, the Code complaint filing process; or
 - 3. An inclusion of the member company's Code of Ethics and its complaint process on its website with an explanation of how a complainant may appeal to the Administrator in the event the complainant is not satisfied with the resolution under the member company's Code of Ethics or complaint process, with a reference to the DSA Code of Ethics web page.
- a. The links should be clear and conspicuous. The location of the link on the member company's website should be prominent so as to be accessible and visible to sales people and the consumer; member companies should place the link on a web page that is commonly accessed by salespeople and consumers. Inclusion of statements, such as, "We are proud members of the DSA. To view the Code of Ethics by which we abide please click here," and "To file a complaint, please contact us at [company email and/ or phone number]. If you are unsatisfied with the resolution, you may escalate your complaint to the DSA by clicking here," are also ideal. Member companies should specifically link to either www.dsa.org/consumerprotection/Code or www.dsa.org/consumerprotection/filing-a-code-complaint.
- b. All member companies, after submission of their program, are required to state annually, along with paying their dues, that the program remains effective or indicate any change.

3. Code Responsibility Officer

Each member company and pending member company is required to designate a DSA Code Responsibility Officer. The Code Responsibility Officer is responsible for facilitating compliance with the Code by his or her company and responding to inquiries by the DSA Code Administrator appointed pursuant to Section C.1. He or she will also serve as the primary contact at the member company for communicating the principles of the DSA Code of Ethics to the member company's independent salespeople, employees, consumers and the general public.

4. Extraterritorial Effect

Each member company shall comply with the World Federation of Direct Selling Associations' Code of Conduct with regard to direct selling activities outside of the United States to the extent that the WFDSA Code is not inconsistent with U.S. law, unless those activities fall under the jurisdiction of the code of conduct of another country's DSA to which the member company also belongs.

Should a member company be subject of a code complaint in a country in which it is not a member, the company must accept jurisdiction of the US DSA Code Administrator regarding the matter.

(Explanatory Provision)

The US DSA Code Administrator may coordinate with the Code Administrator (if one exists) of the complainant's country and, in evaluating the alleged code complaint, apply, in order of priority, (i) the standards of the Code of Ethics in the country in which the complaint is filed, or (ii) the standards of the US Code of Ethics, or, (iii) at a minimum, the standards set forth in the WFDSA Code of Ethics.

C. Administration

1. Interpretation and Execution

The Board of Directors of the DSA shall appoint a Code Administrator ("Administrator") to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under this Code. The Administrator will be responsible directly and solely to the Board.

2. Code Administrator

- a. The Administrator shall be a person of recognized integrity, knowledgeable about the industry, and of a stature that will command respect by the industry and from the public. He or she shall appoint a staff adequate and competent to assist in the discharge of the Administrator's duties. During the term of office, neither the Administrator nor any member of the staff shall be an officer, director, employee, or substantial stockholder in any member of the DSA. The Administrator shall disclose all holdings of stock in any member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board of Directors. The Administrator shall have the same rights of indemnification as the Directors and Officers have under the bylaws of the DSA.
- b. The Administrator shall establish, publish and implement transparent complaint handling procedures to ensure prompt resolution of all complaints.
- c. The Administrator shall review and determine all charges against member companies, affording those companies an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings and shall at all times have the full cooperation of all member companies.

3. Procedure

- a. The Administrator shall have the sole authority to determine whether a violation of the Code has occurred. The Administrator shall answer as promptly as possible all queries relating to the Code and its application, and, when appropriate, may suggest, for consideration by the Board of Directors, Code amendments, or other implementation procedures to make the Code more effective.
- b. If, in the judgment of the Administrator, a complaint is beyond the Administrator's scope of expertise or resources, the Administrator may decline to exercise jurisdiction over the complaint and may recommend to the complainant another forum in which the complaint can be addressed.
- c. The Administrator shall undertake to maintain and improve all relations with better business bureaus and other organizations, both private and public, with a view toward improving the industry's relations with the public and receiving information from such organizations relating to the industry's sales activities.

D. DSA Code of Ethics Enforcement Procedures

1. Receipt of Complaint

Upon receipt of a bona fide complaint from a bona fide consumer, the Administrator shall forward a copy of the complaint, to the accused member company together with a letter notifying the company that a preliminary investigation of a specified possible violation is being conducted and requesting the member company's cooperation in supplying necessary information and documentation. If the Administrator has reason to believe that a member company has violated the Code, even if a written complaint has not been received, then the Administrator shall provide written notice to the member company stating the basis for the Administrator's belief that a violation has occurred. The Administrator shall honor request by complainants for confidential treatment of their identity. The subject matter of a complaint will not be kept confidential.

2. Cooperation with the Code Administrator

In the event a member company refuses to cooperate with the Administrator and/or refuses to supply necessary information and documentation, the Administrator shall serve upon the member company, by certified mail, a notice affording the member company an opportunity to request Appeals Review Panel to evaluate whether its membership in the DSA should not be terminated. In the event the member company fails to request a review by an Appeals Review Panel pursuant to Section D.5. below, the DSA Board of Directors may vote to suspend or terminate the membership of the member company.

3. Investigation and Disposition Procedure

- a. The Administrator shall conduct a preliminary investigation, making such investigative contacts as are necessary to reach an informed decision as to the alleged Code violation. If the Administrator determines, after the informal investigation, that there is no need for further action or that the Code violation allegation lacks merit, the investigation and administrative action shall terminate and the complaining party shall be so notified.
- b. The Administrator may, at his discretion, remedy an alleged Code violation through informal, oral and written communication with the accused member company.
- c. If the Administrator determines that there are violations of such a nature, scope or frequency that the best interests of consumers, the DSA, and/or the direct selling industry require remedial action, the member company shall be notified. The reasoning and facts that resulted in the decision as well as the nature of the remedy under Section E.1 shall be included in the Administrator's notice. The notice shall also offer the member company an opportunity to consent to the suggested without the necessity of a Section D.4 appeal. If the member company desires to dispose of the matter in this manner, it will within 20 calendar days advise the Administrator, in writing. The letter to the Administrator may state that the member company's willingness to consent does not constitute an admission or belief that the Code has been violated.

4. Appeals Review Panel

If a member company has submitted a request for review pursuant to Section D.2. or an appeal of the Administrator's remedial action pursuant to Section D.3., an Appeals Review Panel consisting of three representatives from active member companies shall be selected by the Executive Committee of DSA's Board of Directors within 20 calendar days. The three member companies shall be selected in a manner that represents a cross-section of the industry. When possible, none of the three shall sell a product that specifically competes with the member company that is seeking the Appeals Review Panel (hereinafter "the Appellant"), and every effort shall be made to avoid conflicts in selecting the Panel. If for any reason, a member of the Panel cannot fulfill his or her duties, the Chairman of the Board of DSA can replace that person with a new appointment. The representatives serving on the Appeals Review Panel shall during their time on the Panel have the same rights of indemnification the Directors and Officers have under the bylaws of the DSA.

5. Appeals Review Procedure

- a. A member company must make a request to convene an Appeals Review Panel in writing to the Administrator within 20 calendar days of the Administrator's notice of the member company's failure to comply or the Administrator's recommended remedial action. Within 10 calendar days of receiving such a request, the Administrator shall notify the Chairman of the Board of DSA. The Executive Committee then shall select the three-person Panel as set forth in Section D.4.
- b. As soon as the Panel has been selected, the Administrator shall inform the Appellant of the names of the panelists. Within 14 calendar days of that notification, the Administrator shall send a copy of the Complaint and all relevant documents, including an explanation of the basis of the decision to impose remedial action, to the panelists with copies to the Appellant. Upon receipt of such information, the Appellant shall have 14 calendar days to file with the Panel its reasons for arguing that remedial action should not be imposed along with any additional documents that are relevant. Copies of that information shall be provided to the Administrator, who can provide additional information as the Administrator decides is necessary or useful to the Panel and the Appellant.
- c. Once the information has been received by the panelists from both the Administrator and the Appellant, the Panel will complete its review within 30 calendar days or as soon thereafter as practicable. If the review pertains to whether the Appellant's membership in the DSA should be terminated, the Panel shall decide whether the member company's failure to work with the Administrator justifies suspending or terminating the Appellant's membership in the DSA. If the review pertains to the Administrator's suggested remedial action, the Panel shall decide whether the Administrator's decision to impose remedial action was reasonable under all of the facts and circumstances involved and shall either confirm the Administrator's decision, overrule it, or impose a lesser sanction under Section E. The Panel shall be free to contact the Administrator, the Appellant, and any other persons who may be relevant, in writing as deemed appropriate. A decision by the Panel shall be final and shall be promptly communicated both to the Administrator and the Appellant. The costs involved in the appeal such as costs of photocopying, telephone, fax, and mailing, shall be borne by the Appellant.

E. Powers of the Administrator

If pursuant to the investigation provided for in Section D.3., the Administrator determines that the accused member company has committed a Code violation or violations, the Administrator is hereby empowered to recommend any appropriate remedies, either individually or concurrently, including but not limited to the following:

- a. Complete restitution to the complainant of monies paid for the accused member company's products, promotional materials, sales aids and/or kits that were the subject of the Code complaint;
- b. Replacement or repair of any of the accused member company's product that was the source of the Code complaint;
- c. Payment of a voluntary contribution to a special assessment fund that shall be used for purposes of publicizing and disseminating the Code and related information. The contribution may range up to \$1,000 per violation of the Code;
- d. Submission to the Administrator of a written commitment to abide by the Code in future transactions and to exercise due diligence to assure there will be no recurrence of the practice leading to the subject Code complaint; and/or
- e. Cancellation of orders, return of products purchased, cancellation or termination of the contractual relationship with the independent salesperson or other remedies.

2. Case Closed

Once the Administrator determines that there has been compliance with all imposed remedies in a particular case, the complaint shall be considered closed.

3. Refusal to Comply

If a member company refuses to comply voluntarily with any remedy imposed by the Administrator and has not requested a review by an Appeals Review Panel, the DSA Board of Directors, or designated part thereof, may conclude that the member company should be suspended or terminated from membership in the DSA.

4. Appeal for Reinstatement after Suspension or Termination

If the DSA Board of Directors, or designated part thereof, suspends or terminates a member company pursuant to the provisions of this Code, the DSA shall notify the member company of such a decision by certified mail. A suspended member company, after at least 90 calendar days following that notice, and a terminated member company, after at least one year following that notice, may request the opportunity to have its suspension or termination reviewed by an Appeals Review Panel, which may in its discretion recommend that the Board of Directors reinstate membership.

5. Referral to State or Federal Agency

In the event a member company is suspended or terminated by the DSA Board of Directors, or designated part thereof, pursuant to the provisions of this Code, the DSA shall inform the Federal Trade Commission ("FTC") of such suspension or termination and shall, if requested by the FTC, submit any relevant data concerning the basis for suspension or termination.

F. Restrictions

1. Conferring with Others

At no time during an investigation or the hearing of charges against a member company shall the Administrator or member of an Appeals Review Panel confer with anyone concerning the alleged violation(s) of the Code, except as provided herein and as may be necessary to conduct the investigation and hold a hearing. At no time during the investigation or the Appeals Review Panel process shall the Administrator or a member of the Appeals Review Panel confer with a competitor of the member company alleged to be in violation of the Code, except when it may be necessary to call a competitor concerning the facts, in which case the competitor shall be contacted only for the purpose of discussing the facts. At no time shall a competitor participate in the Administrator's or in an Appeals Review Panel's disposition of a matter.

2. Documents

Upon request by the Administrator to any member company, all documents directly relating to an alleged violation shall be delivered to the Administrator. Any information that is identified as proprietary by the producing party shall be held in confidence. Whenever the Administrator, either by his own determination or pursuant to a decision by an Appeals Review Panel, closes an investigation, all documents shall either be destroyed or returned, as may be deemed appropriate by the Administrator, except to the extent necessary for defending a legal challenge to the Administrator's or Appeals Review Panel's handling of a matter, or for submitting relevant data concerning a complaint to a local, state or federal agency. At no time during proceedings under this Code shall the Administrator or a member of an Appeals Review Panel either unilaterally or through the DSA issue a press release concerning allegations or findings of a violation of the Code unless specifically authorized to do so by the Executive Committee of DSA's Board of Directors.

3. Pending Members of DSA

Nothing in Section F shall prevent the Administrator from notifying, at his discretion, DSA staff members of any alleged violations of the Code that have come to his attention and which may have a bearing on a pending member company's qualifications for active membership.

4. Public Reporting of Code of Ethics Complaints and Compliance Efforts

The Administrator may issue periodic reports on Code of Ethics compliance including disclosure of numbers and types of complaints as well as company-compliance efforts. The issuance of these reports will not identify individual complaints.

G. Resignation

Resignation from DSA by an accused member company prior to completion of any proceedings constituted under this Code shall not be grounds for termination of said proceedings, and a determination as to the Code violation shall be rendered by the Administrator at his or her discretion, irrespective of the accused member company's continued membership in DSA or participation in the complaint resolution proceedings.

H. Amendments

This Code may be amended by vote of two thirds of the Board of Directors.

As Adopted June 15, 1970

As Amended by Board of Directors through December 13, 2018